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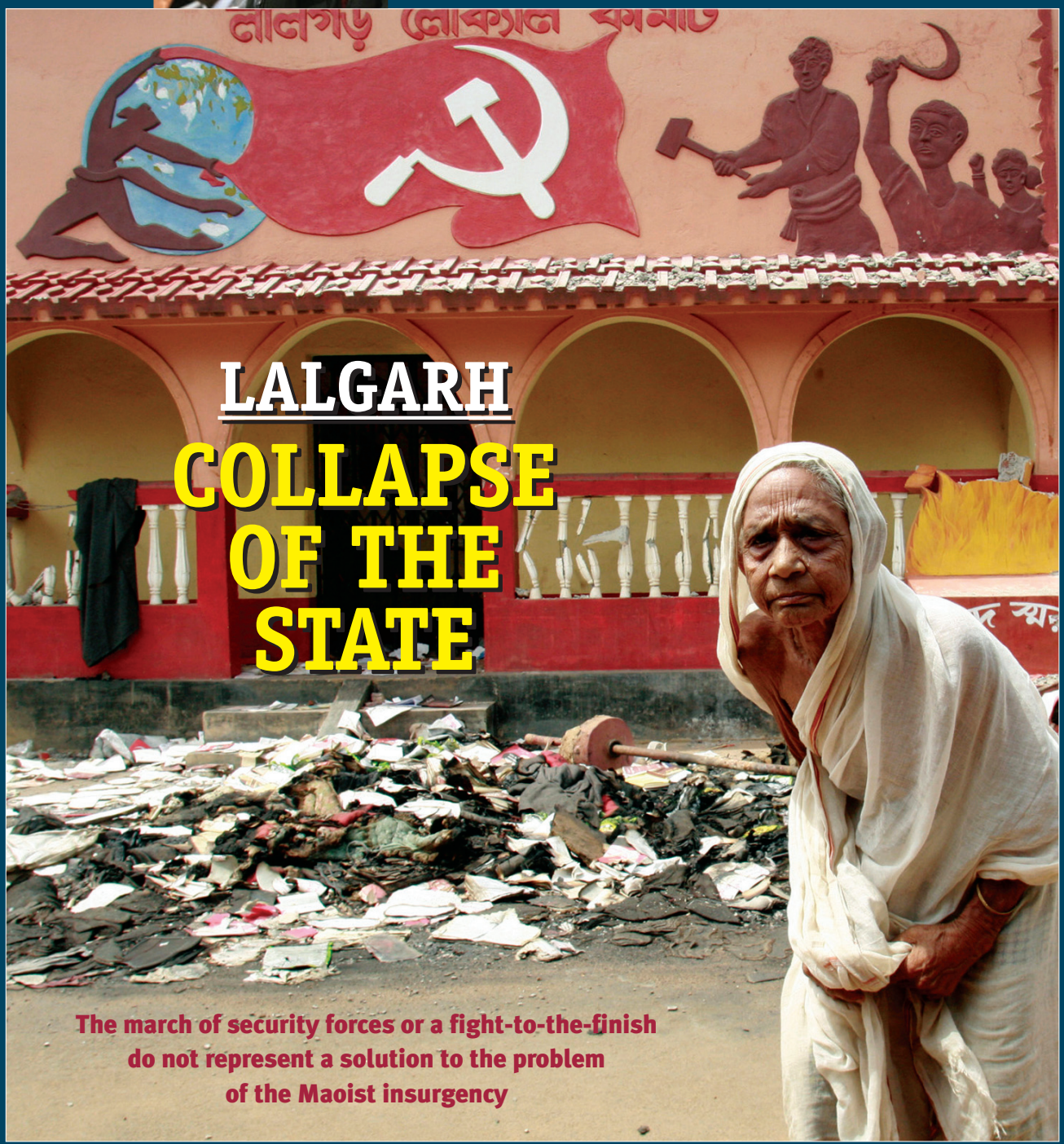

LALGARH
COLLAPSE OF THE STATE

The march of security forces or a fight-to-the-finish do not represent a solution to the problem of the Maoist insurgency

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COVER STORY

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Why the state collapsed

This is a new dimension to the deep-rooted problem of non-governance in rural areas

by DIPTENDRA RAYCHAUDHURI

LALGARH was a reality show *par excellence* for the TV crews that descended on it. Hundreds of police and paramilitary jawans were on the march from all sides to reclaim an area lost to Maoists. Helicopters flew overhead and, with no visible target, dropped leaflets for the villagers. Rumour was rife that the roads were mined, guerrilla squads were about to attack the forces and a veritable *mahabharata* was in the offing. In Writers' Building in Kolkata, senior police and administrative officials were receiving minute-by-minute accounts. The Centre had conveyed to the state its willingness to send in the Army.

But there was hardly any serious resistance from the other side and no casualty reported till the afternoon of June 19. Some threats emanated over the telephone from the leader of a tribal front that had "liberated" the entire area without firing a single round. The tribals would face the elite COBRA commandoes and other forces with their arrows and axes as soon as they approached Lalgarh, said the leader.

It was bizarrely reminiscent of *ulgulan* or tribal rebellion that has occurred peri-

Continued on page 4

REUTERS

For the 'people's government', starvation deaths reported by organizations were part of CIA bourgeois conspiracy, while the absence of agro-based industries or sources of employment was probably a conspiracy hatched on Mars

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CONTACT DETAILS/ADVERTISING & MARKETING
118, 2ND FLOOR, DDA SITE 1,
NEW RAJINDER NAGAR, NEW DELHI – 110 060
TEL/FAX: +91-11-28744789, +91-11-45082832,
+91-9911110385
e-mail: gfilesindia@gmail.com
www.gfilesindia.com

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From the Editor-in-Chief

AS a rule *gfiles* does not report on current affairs or politics. We are a niche product and so we steer pretty clear of the material that appears in general interest magazines and daily newspapers. So why, you may ask, have we featured the Lalgarh "Maoist" insurrection in the state of West Bengal as our cover story? And do the business affairs of Mukesh and Anil Ambani merit such prominent display in the July issue of the magazine? Isn't *gfiles* supposed to focus on governance and the performance and state of the bureaucracy? But, of course .

And that's precisely the reason that we have highlighted two subjects that penetrate the very core of how India is administered and how faulty governance, rather than simply ideology or politics, can cause a mega wattage disconnect between the people and those holding the reins of administration; a cut-off that can, and has, caused dislocations of national dimensions. The two subjects in question are the governance of rural India where 70 per cent of our population resides, and the governance of Big Business that has gained primacy in post-liberalization and post-globalization India.

Diptendra Raychaudhuri's passionate chronicle of the "liberation" of the "liberated zone" in Lalgarh, helps promote a unique understanding of what's really at stake. Far from being a violent Maoist peasant revolution, it is, in essence, a protest by the weakest segment of our citizens against waste, fraud, neglect, and corruption in government. These cadres have little or no knowledge of Mao or Marxism. As the writer points out: Lalgarh has added a new dimension to the deep-rooted problem of non-governance in rural areas.

Veteran journalist Naresh Minocha's account of the triangular tussle between the competing business empires of the Ambani Brothers and the NTPC merits serious attention from all Indians because it goes to the heart of whether the government is equipped in dealing with what smacks of price fixing and market-cornering in the larger, vital national interest of energy security and the potential loss of state revenues to vested interests when financials and budget deficits stare India in the face.

Without resorting to specious casuistries, Minocha excoriates the government in no-nonsense language for copping out under pressure on a key imperative. He observes that the Empowered Group of Ministers handling the gas pricing policy "has made a mockery of production sharing contracts that it signed with Reliance Industries Ltd for the Krishna-Godavari basin and with other such New Exploration Licensing Policy licensees and contractors."

INDERJIT BADHWAR

LETTERS: The new look of the magazine (June 2009) is impressive. But it looks like a pullout of a newspaper. I think the number of pages should be increased. And, for the last few issues you have been deviating from the core focus of bureaucracy which is the forte of your magazine.
Ravi Inder, Bhopal

It was Sultan Shariyar and Achmad Sukarno that Biju and Gyan Patnaik rescued in 1947 and not "Sultan Sjharir and Suharto" ("Naveen ain't no greenhorn no more", April 2009). Also, there's this

Continued on page 4

Continued from page 3

charming bit of info about that daring flight in and out of Jakarta that I found on the Net: "Megawati, or Meghawati, prominent Indonesian politician and former President, was given her name by the eminent Indian leader Biju

Biju and Gyan Patnaik: golden years

Patnaik, when he visited her father, Soekarno, the first President of Indonesia, in 1947, whose wife had just given birth to a girl. It was raining heavily and Biju Patnaik suggested the name of Meghawati."

P Singh, via email

Once again, the April 2009 issue of gfiles was a wonderful issue full of information. The feature on KS Bains was truly inspiring.

Manoj Singhal, Chairman & Managing Director, M and M Auto Industries ltd, Manesar, Haryana

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Continued from page 2

odically through history.

Not that there were no armed Maoists or that roads were not mined or that shots were not fired from their side. The Maoists were very much active. Koteshwar Rao aka Kishanji, believed to be the number two in the CPI(Maoist), was leading them on the ground. But, before the government operation began, the Maoists and the villagers of Lalgarh – organized under the banner of the People's Committee Against Police Atrocities (PCAPA) – had only killed some CPI(M) workers. No doubt the area was "liberated", for the police was inactive in the area. They were confined to the Lalgarh police station and had abandoned other chowkis. It was no longer possible to govern Lalgarh.

It is well known that, throughout history, *ulgulan* has always failed. Nor can a "liberated" zone exist in a modern country. But the fact is that none was aware of the Maoists taking over a large area (up to 1,000 sq km according to media reports) in Bengal. Lalgarh's is a story of failure of governance for decades.

Home Minister Chidambaram refused to call it a war. Emerging from the Cabinet meeting on Day 2 of the operation, he avoided answering the question whether it signified a colossal failure of governance in Bengal. "I am not here to make any judgements," he said, emphasizing that he endorsed Chief Minister Buddhadeb Bhattacharya's appeal to the CPI (Maoist) and the tribal leaders to come to the negotiating table. He knew this "war" was against thousands of tribals who had rebelled and sensitiveness on the part of the state was called for. Unfortunately, it came too late.

The explanation for the failure of the state in Lalgarh also explains the emergence of the Maoists all over the country.

A year ago, Lalgarh was quiet. It was

What was unique in Lalgarh was that the area was 'liberated' by a mass movement. It has thrown up new challenges for governance, where the 'enemy' initially is not the armed Maoists but unarmed villagers in thousands facing the state machinery

so because there was no resistance to total control of the area by CPI(M) cadres, to accumulation of wealth by party zonal committee secretary Anuj Pandey and many others, to the party-sponsored "syndicate" that extorted "protection" money from vehicles passing through the area, to selective disbursal of money and benefits of government programmes. And there was no expressed resentment at the poverty that continued without amelioration three decades after a "people's government" had come to power. For the "people's government", starvation deaths reported by human rights organizations were part of CIA bourgeois conspiracy, while the absence of agro-based industries or other sources of employment was probably a conspiracy hatched on Mars. Revelations of the silent terror of guns was propaganda of the cheapest variety.

In November 2008, a mine exploded on the highway at Bhadutala, 40 km from Lalgarh. The target was the Chief Minister's convoy, which included Union Steel Minister Ram Vilas Paswan. That night, the police pounced

REUTERS

on Lalgarh, brutally injuring even women and arresting school-going children. The police knew some Maoists were working in Lalgarh, with bases in Jharkhand. The most prominent of them was Sashadhar Mahato.

The police action was fuelled by the knowledge that there was no Maoist squad in the area. Unexpectedly, the villagers retaliated. They came out in hundreds, then thousands. They laid siege to Lalgarh police station and dug up the roads to stop any further invasion by police. For months, the agitation – organized under the banner of the PCAPA, led by Chatradhar Mahato, brother of Sashadhar Mahato – prevented the police from entering the area. Alongside, they took up development work like road building that had been neglected for years. All this was done under the auspices of the Maoists. Koteshwar Rao and another leader, Bikash, organized the work.

Without a single shot being fired by the Maoists, the area had been "liberated" by virtue of the administration collapsing in the face of the people's non-violent uprising. During the elections, the Maoists gave a boycott call but the PCAPA helped the police to relocate and combine many booths in four places in Lalgarh. It was another matter that hardly anyone came to exercise their franchise in those booths.

Lalgarh has added a new dimension to the deep-rooted problem of non-governance in rural areas. The state collapsed because it had no sway over the people. All over India, the Maoists have a strong base only in those areas where the state has failed. What was unique in Lalgarh was that the area was "liberated" by a mass movement. It has thrown up new challenges for governance, where the "enemy" initially is not the armed Maoists but unarmed villagers in thousands facing the state machinery.

Maoist cadres have little knowledge of Mao or Marxism. For them, resorting to arms is simply an assertion of the rights of tribals, Dalits or 'most backward' castes

Maoist cadres have little knowledge of Mao or Marxism. For them, resorting to arms is simply an assertion of the rights of tribals, Dalits or "most backward" castes. The latter, in turn, are drawn to Maoists for various reasons: personal revenge, the glamour of handling a gun, the battle against collective injustice and so on. Thus, the cadre includes both hardcore and dedicated elements and a section that is neither ideologically oriented nor motivated to fight for social justice. The leaders impose Maoist doctrines on these cadres and on their wide support base. There is no point in denying that they do have a mass base. But this base is with them not owing to doctrine, but because the Maoists have won their confidence.

THE march of security forces towards Lalgarh or a fight-to-the-finish in Chhattisgarh do not represent a solution to the problem of Maoist insurgency. Neither does provision of food and other essentials or scope for employment. The problem is more complex. Lalgarh has shown that poverty alone is not sufficient cause for *ulgulan*. When humiliation goes beyond a point, people are goaded into the final battle. It can be political or caste oppression, some other form of social injustice or police atrocity that provides the spark to ignite the wildfire.

Unlike traditional Marxist theory, the Maoists in India operate in areas where they mostly have no class enemy – like a rich landlord. The enemy is deprivation of economic and of social justice and individual dignity.

Our system of governance will have to reinvent strategy to counter the Maoists. A long march towards Lalgarh, though unavoidable, is not the answer. g

(The writer is a freelance journalist and author of the novel, A Naxalite Story.*)*

SPREADING OUT OF CONTROL

Local militancy going global in our neighbourhood has a deadly impact on national security

by Col R Hariharan

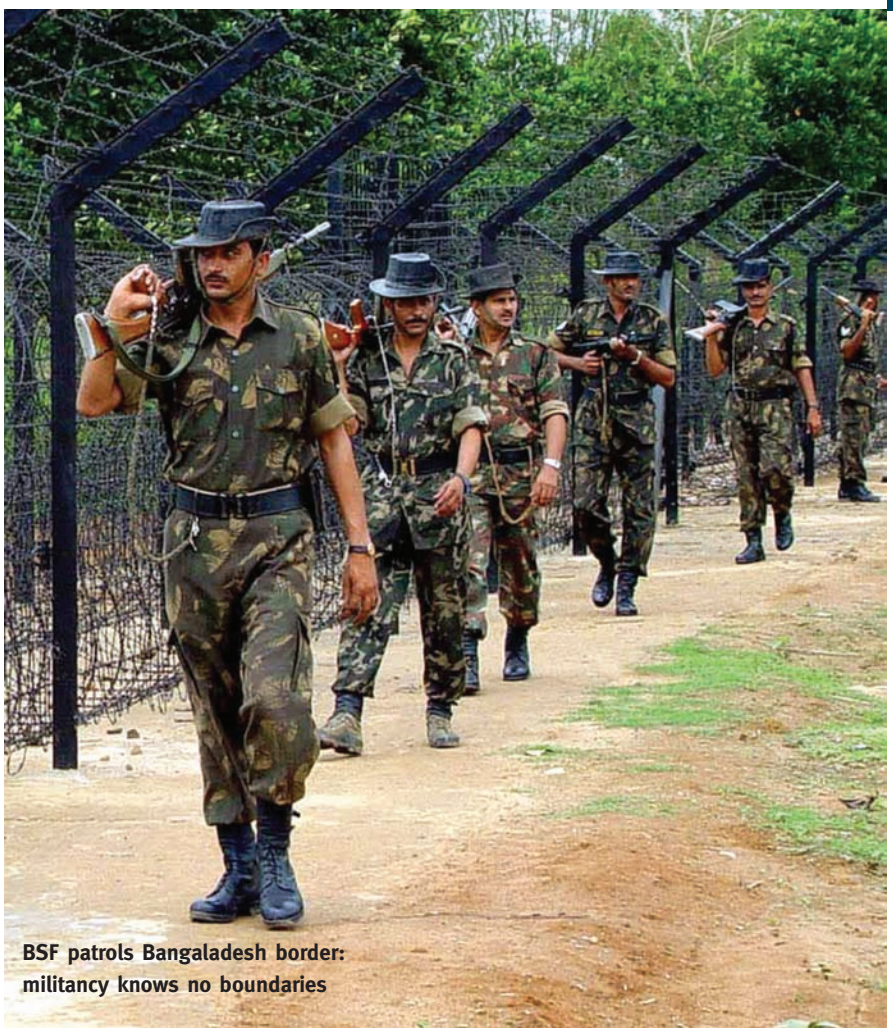
TWO former chiefs of Bangladesh's espionage agency – the National Security Intelligence (NSI) – Major General Rezakul Haider Chowdhury and Brigadier General Abdur Rahim, were recently arrested in Dhaka in the infamous arms smuggling case of Chittagong on April 2, 2004. They are being prosecuted for landing a shipload of Chinese arms in Chittagong destined for the United Liberation Front of Asom (ULFA), which is based in Bangladesh and waging an insurgency war in Assam.

It was not a small smuggling operation. According to the Bangladeshi media, police recovered from the 10-truckload consignment a wide range of sophisticated firearms, including 27,020 grenades, 840 rocket launchers, 300 accessories of rocket launchers, 2000 grenade-launching tubes, 6392 magazines and 1,140,520 bullets. The Aga Rahman Yousuf Group, a Dubai-based business conglomerate, had sent the arms and ammunitions from China to Bangladesh for ULFA's use.

This is one of many instances of local militancy and insurgencies going global in India's neighbourhood with a deadly impact on India's national security. Their symbiotic growth with a host of other criminal activities ranging from trafficking in weapons, drugs, and women and children to smuggling, forgery, and money laundering. They have also corrupted the law enforcing agencies and helped the growth of the political-criminal nexus.

South Asia is geographically located between two of the biggest sources of the illegal drug trade in opium and heroin – Afghanistan in the west and Myanmar in the east. Drug trafficking generates a number of other criminal activities, including money laundering, illegal arms trade, and human trafficking. The drug trade is a huge money

PHOTOS: REUTERS



BSF patrols Bangaladesh border: militancy knows no boundaries

Formidable network of terror

EVEN without taking into account Afghanistan, which has been the focus of the US-led global war on terror since 2001, three South Asian countries – India, Pakistan, and Sri Lanka – have so far given birth to 249 anti-state entities that took up arms to achieve their goals, according to South Asia Terrorism Portal (SATP) data. Fortunately, only 91 of them, including 15 transnational ones, are functional today.

India has the largest number of terrorist and extremist organizations – 69 (including four transnational ones) still operating in its midst. Pakistan, the unrecognized homeland of Jihadi terrorism, has 22 extremist organizations (11 domestic and 11 transnational ones). It is in a gridlock with terrorists, fighting for its survival as a democratic nation.

Sri Lanka produced 37 insurgent bodies of various hues when the Tamil minority's political quest for equal rights failed to produce results. However, recently the Sri Lanka military succeeded in crushing the only surviving Tamil insurgent group – the Liberation Tigers of Tamil Eelam (LTTE). The only Sinhala insurgent group, the Janatha Vimukti Peramuna (JVP) turned into a Left-leaning political party two decades ago, after much bloodshed. And the country now hopes to have some respite from active insurgency.

Though Bangladesh has only five extremist organizations of the extreme leftist and Islamic fundamentalist varieties, they have continued to be a powerful destabilizing factor in the country's politics. Nepal had been more fortunate. Its only insurgent body – the Nepal Communist Party (Maoist) – managed to convert itself into a political party after the end of monarchy. It has not given up arms yet and that can spell potential trouble for Nepal's nascent democracy.
Bhutan and the Maldives, having no major extremist entity in their midst, are the most fortunate.

spinner and it is not accidental that a number of insurgency movements have close links with the drug trade in Afghanistan, Myanmar, and Pakistan.

Traditionally, the growth of militancy and other forms of extremist insurgency is attributed to socio-economic reasons, lack of proper governance and rule of law, religious fundamentalism, or aberrations of caste, creed, and linguistic differences. While these factors do provide a fertile ground for growth of militancy, the easy availability of illegal arms encourages escalation of political conflicts into extremism.

So South Asia has also become the heartland of the illegal trade in light weapons. Thanks to technological advances, they are no more light in their performance. The generally accepted 1977 UN definition of light weapons includes: MANPADS (man-portable air defence systems), ATGWs (anti-tank guided weapons), heavy machine guns (including anti-aircraft guns), anti-material rifles, recoilless rifles and guns, grenade launchers, unguided anti-tank rocket launchers, and mortars. The disturbing aspect is that all these weapons of modern armies have been in use among terrorist and militant groups operating in South Asia.

Two-year-old Akshay with relatives after father Raman Kutty was killed by the Taliban: hitting close to home

The drug trade is a money spinner and it is not accidental that insurgency movements have close links with narcotics trafficking in Afghanistan, Myanmar, and Pakistan

The growth of terrorism in India has been encouraged by the availability of sanctuaries for terrorists and insurgents in Pakistan, Bangladesh and Myanmar. (India had also offered sanctuary to Sri Lanka Tamil extremists for nearly a decade in the 1990s). Unfortunately, both Pakistan and Bangladesh have been using Indian insurgent groups in their midst to indirectly assert their power against India. In the case of Myanmar, the military regime had not been able to curb Indian insurgents operating from its soil due to their links with local insurgency groups.

Unless these countries deny sanctuary to Indian insurgent groups, India's counterinsurgency operations will be only partially successful.

Given this setting, under the garb of protection, flaunting of weapons has become a status symbol in many of our states. As a corollary, indiscriminate issue of weapon licences has armed entire communities in many parts of India. The increasing social tolerance of the gun culture is symbolized by the replacement of the traditional soft image of Bollywood heroes with gun-toting honchos sporting six packs.

It is not surprising that small arms are increasingly used to gain coercive power in public life. Poor governance and weaknesses in the criminal justice system have increased the clout of power brokers supported by armed gangs. Unfortunately, with criminals gaining more political influence, the gun culture has become a part of political life not only in India but other South Asian states as well. This has vitiated the effectiveness of existing gun control laws.

Between 1994 and 2008, about 60,000 people lost their lives in armed violence in India. Small arms were used to cause most of these deaths. These

With criminals gaining more political influence, the gun culture has become a part of political life not only in India but other South Asian states as well. This has negated the effectiveness of existing gun control laws

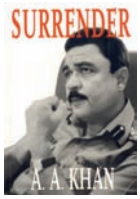
shocking figures give an idea of the price the nation is paying due to uncontrolled spread of illegal arms and the ever-increasing fire power of militancy.

So any grand strategy to curb insurgency and terrorism should address the larger social issues relating to the gun culture and easy access to illegal weapons. Existing laws on gun control need updating and enforcement needs to be tightened even for licensed guns. The growing nexus between politician-bureaucrat-criminal gangs is the hothouse for insurgents to gain access to weapons. Unless this is broken through effective governance, lasting success in curbing terrorism and insurgency cannot be achieved. g

BOOK REVIEW

by ARUN LAVANIA

A policeman's panacea for all



Surrender
by AA Khan
Yogi Impressions Books Pvt Ltd
Rs 195

THE span of work of the entire gaggle of high-charging management gurus, mental healers and their spiritual counterparts, change agents, career consultants and child counsellors is taken care of by this book. AA Khan's *Surrender* is based on his action-packed career as an IPS officer for 30 years. He offers a simple solution to the myriad ills that all these professionals aim to tackle: realization of the fact that there is a self in every individual which is universal and is capable of bringing about a turnaround in the life of a mind under stress.

Khan also believes that change is a law of nature and one must learn to live in the present, to flow with life's direction and surrender to the forces of destiny in order to see miracles occur in one's life. There is a rider – luck favours you only when opportunity encounters preparedness. The *Upanishads* talk about this: the importance of self and of the present.

Khan brings to life an officer's courage and conviction to lead the team against every odd, standing by fellow members till the end, and sharing both suffering and elation. It was this granite-like integrity that brought success in operations against terrorists and hardcore criminals. Khan's brainchild, the Anti-Terrorist Squad, won 23 gallantry medals from the President of India. The police force of Maharashtra had won about 46 medals in 46 years (1947-93).

Khan emphasizes that the common man is a policeman without uniform and, in place of professional informers, can be of immense help to the police in containing crime. Therefore a mutual understanding between the public and police is essential in getting the maximum out of the police force.

Khan also seeks the public's appreciation of the fact that the average Indian policeman is low-paid, overworked, lives away from his family, handles diverse jobs under most inhospitable and inhuman conditions, constantly faces life-threatening situations, and at the end gets little recognition and money after retirement. Movingly, Khan points to the oft-repeated remark about the police, "After all, they are getting paid for it," and the sneer of a cyber-age yuppie: "You

SHARAD SAXENA

Khan with his wife: food for thought

brought me onto this planet, man, so what's the big deal if you had to slave and save to bring me up as well?" In his own career, he was shunted to obscure postings – when a politician he had booked for violation of the law took revenge after becoming Home Minister, and when someone higher up in the pecking order took a unilateral decision. His ability to be guided by self and surrender to the master plan of some higher power stood him in good stead at these times.

The book, reinforcing that there is a potential Khan in every individual and also in every policeman, is a satisfying and intriguing read. g

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Sanskritization of Sushma
brilliant stroke at oath ceremony

SUSHMA Swaraj brings her own unique style to anything she does. For instance, her clothes are colour-coordinated according to the day of the week. Just seeing her will tell you what day it is. Far and above this, she understands the pulse of the moment and uses it to make the news. Out of the approximately 500 MPs who took oath over two days, she was the one who stood out. Most of them took the oath in Hindi or English, but Swaraj took it in Sanskrit.

Now, the fact is that she knows both Hindi and English very well. So was the choice of Sanskrit intended to show the nation that she is more competent than her colleagues or was she addressing some other constituency?

Having started her political career as a socialist, Swaraj is acutely aware that she is not one of the Rashtriya Swyamsewak Sangh homegrowns. Hers was a late entry into the BJP. And now she wants to prove that she is more loyal than the king. Hence, say BJP insiders, she took the oath in Sanskrit in order to send a message down the RSS line that she is the real inheritor of the legacy of the Sanskritized organization.

He who pays the piper
bjp meet witnesses heartburn

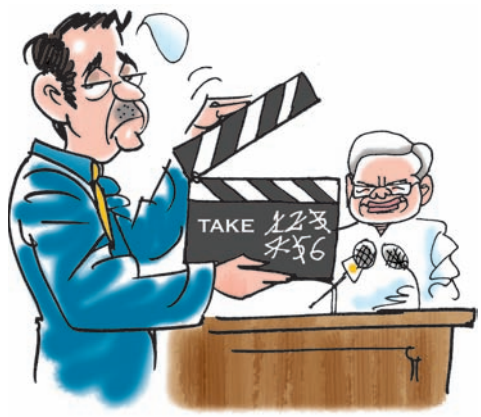
SATYA Pal Malik, former firebrand leader of the Jan Morcha, and Sunder Lal Patwa, former Chief Minister of Madhya Pradesh, are both soft-spoken, disciplined members of the BJP. At a recent meeting of the party's national council, both spoke in an intense and introspective manner and hinted that a party that does not respect its leaders and farmers cannnot progress.

Malik objected to the suggestion by Maneka Gandhi that the party should look at luring the upper castes. He asked how the party could come to power unless it concerned itself with farmers. He pointed out that the election manifesto said nothing on the issue of minimum support price. The Muslims and Brahmins had returned to the Congress fold and the BJP could not afford to adopt the upper caste line. Malik cited P Sainath's statement that a Chief Minister who cared for the poor and the farmer would always come back to power.

Patwa then hinted about the letter writing war. He said he had thought Arun Shourie to be an intellectual, and could not understand why he was attacking the leaders who had built up the party. Patwa and Malik well know that the letters business was masterminded by one of the party bosses. Shourie's Rajya Sabha term ends next March. No prizes for guessing who will secure him another term.

Krishna's teething problems
south block in jitters

IT'S no rocket science that the work of a Chief Minister or Governor is much easier because the responsibility is limited to the state. Apparently, newly-appointed External Affairs Minister SM Krishna had not realized this. He is experienced and suave, but this is the first time he is



ILLUSTRATIONS: ARUNA

holding such a post. Besides, as External Affairs Minister, a person is under intense media scrutiny with every spoken word being held up as stated policy.

A TV anchor recently interviewed Krishna, and was told that the interview would have to be recorded again as the Minister's comments about CTBT were not in accordance with South Block perceptions. The anchor was taken aback as he was under no obligation to oblige South Block. However, he yielded and the interview was recorded again. But Krishna committed the same mistake.

The South Block officers now requested that the earlier version be telecast as it was in the end the lesser evil. The babus then humbly requested the new Minister to consult them and get briefings whenever he has to speak about matters such as CTBT, WTO, SAARC, G8 and so on.

Swine flu and reality shock
health ministry comes down to earth

As soon as word spread of the arrival in India of swine flu, the new government's Health Ministry swung into action. Minister Ghulam Nabi Azad is a veteran and his experience stood him in good stead. Secretary Naresh Dayal briefed the new Minister about the action taken by the Ministry to deal with swine flu and Ministry officials then suggested release of a half-page advertisement educating the public about the infection. Ministry officials were under the impression that, like his predecessor, Anbumani Ramadoss, the new Minister too would be keen to advertise his initiatives.

The officials were in for a shock. Azad told them to forget about the advertisement, and instead tell him what the Ministry could achieve in 100 days. So the Ministry's resources will no longer be spent on advertising the veritable dreams of its head! g

Freedom from political t

The Civil Services Bill, 2009 will liberate babus from the tyranny of transfers, among ot

by MG Devasahayam

AFTER UPA II took office, a mainstream newspaper informed readers: "The end of the transfer-posting-raj is in sight. Bureaucrats are set to get a new deal from the new government with the Centre readying a legislation that will not only assure babus of fixed-tenure postings but also protect them from political interference in their day-to-day functioning."

Enthused by this assertion in basic governance, I recalled a conversation with a North Indian industrialist several years ago when I was still in service. I had asked him the secret of a healthy bottom-line in industry and trade. "Turnover, my dear sir," was the reply. "It is the volume of productive turnover of goods and services that determine the earnings and profitability of business."

I was nonplussed. In government too we have huge "turnovers" of officials with the "transfer industry" working overtime. Why then was the government's bottom-line sinking? Once again, the answer was crisp. "These are unproductive turnovers for some people to make money on the sly." Indeed so. In government, when the "transfer industry" is in full production, there is money for transferring, for not transferring, for staying transfer, for cancelling transfer and for influencing all these. An entirely wasteful "turnover" but one that rakes in big money for the bandicoots!

Now, one has to wait and see whether their days are numbered under the new government. Meanwhile, the proposal for parliamentary scrutiny of all bureaucratic appointments, transfers and postings is a welcome step. If this happens, IAS and IPS officers in the country will no longer be at the mercy of the whimsical transfer and posting regime that has been operating for long.

As part of this new initiative, the government plans to bring in a public service code that will lay down a strict performance evaluation regime for promotions and postings of civil servants.

All these provisions are expected to be part of the Civil Services Bill, 2009. A draft is being fine-tuned. It is believed to be an improved version of the Public Service Bill, 2007 which could not see the light of day under UPA I. It did not even see the light of Internet browsers, because it was tucked into a corner of the Department of Personnel website.

The provisions would first be applicable to IAS and IPS officers and might later be extended to all services that come under the all-India services category, including the Indian Forest Service. What about other services who are victims of worse forms of the transfer-posting-raj? A question that needs to be asked and answered.

The Bill, which incorporates various suggestions of the second Administrative Reforms Commission, envisages setting up of a new Central Public Service Authority (CPSA) which will not only professionally manage the civil services but also serve the interests of civil servants and citizens alike through checks and balances.

If the Civil Services Bill becomes an Act in its present form, all bureaucrats will get a minimum tenure of three years. If any bureaucrat is transferred before that, he will have to be compensated for the inconvenience and harassment caused due to such a move. This is vague as vague can be. What "inconvenience and harassment" can be claimed if an official is transferred 10 times in three years within the same building and retains the same residence?

Regarding top-level appointments in states, the Chief Secretary and Director General of Police will be selected from a panel of suitable candidates by a committee comprising the Chief Minister, Leader of the Opposition and Home Minister. Currently, the Chief Minister alone decides such appointments. Similarly, the Cabinet Secretary at the Centre will be selected from a panel by a committee comprising the Prime Minister, the Leader of the Opposition in the Lok Sabha and the Union Home Minister. If the government deviates from these norms while appointing bureaucrats, it will have to inform Parliament about the reasons for doing so.

The new Bill will put in place a different kind of performance evaluation system. Unlike the current practice of annual confidential reports, which take a panoramic and often prejudiced view of a civil servant's work, the new perform-

Value education

The Public Service Bill, 2007 contained certain Values of Public Services:
(a) Patriotism and upholding national pride
(b) Allegiance to the Constitution and the law of the nation
(c) Objectivity, impartiality, honesty, diligence, courtesy and transparency
(d) Integrity
It is a travesty that after six decades, a law has to be enacted to inculcate values in our elite civil servants that are expected of any ordinary citizen!

l talons

ıg other vital changes

ance management system will evaluate officials on their job-specific achievements and the number of tasks that they perform as a team leader in a particular department.

THE system will be managed by the CPSA which will work under a chairman whose rank will be equivalent to that of the Chief Election Commissioner. The CPSA, comprising three to five members, will have the power to recommend action against public servants who do not adhere to the codes and public services values. The Authority will also aid and advise the Central government in all matters concerning the orgnization, control, operation and management of public services and public servants.

The CPSA will also be the custodian of the public service code for civil servants. Such a code will be framed to facilitate civil servants "in discharging official duties with competence and accountability; care and diligence; responsibility, honesty, objectivity and impartiality; without discrimination and in accordance with the law".

Reforms to develop Public Services as

REUTERS

IAS officer (right) leading from the front during a recent riot: do the nation's politicians really care?

"a professional, neutral, merit-based and accountable instrument for promoting good governance and better delivery of services to the citizens" is a bold and assertive step by the Prime Minister and his team and therefore praiseworthy.

But what is actually happening right under the nose of the PM is diametrically the opposite. In recent times, a debilitating linguistic-parochial inbreeding has gripped the PMO, Cabinet Secretariat, Ministry of External Affairs, Home Department and other higher echelons of the Central government! The first acid test of the UPA II reformers is whether they will submit these "linguistic-parochial appointments and postings" to Parliamentary scrutiny! Otherwise, this laudable reform initiative will appear hypocritical! g

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Development and Maintenance of the Kendriya Vidyalaya.
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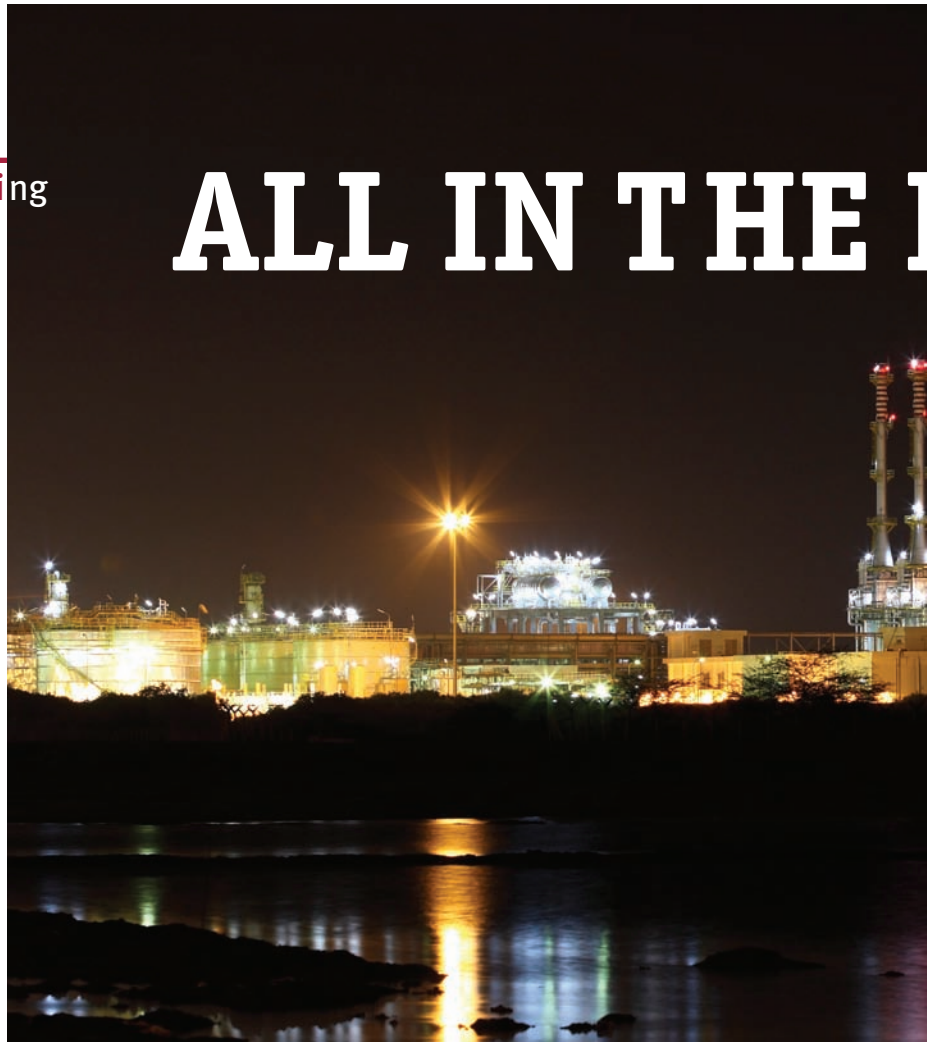

The two groups may have conspired to corner the market through a secret price-fixing deal, but the government is groping in the dark and trying to deal with a huge mess of its own making that could affect future revenues

by Naresh Minocha

THE Bombay High Court verdict in the "gas battle" between the Ambani brothers affects major facets of governance. It will make the country's gas pricing and gas usage policy messier. It will also generate uncertainty over future investments in oil and gas exploration and gas-based industries. The brothers' tussle has clouded the governance of natural gas, a vital national resource. It has left a huge question mark about the government's capability to protect its revenue in the form of royalty on gas and income tax through prevention of transfer pricing. The battle has also exposed the lack of a systematic approach in the judiciary in handling related cases and in overseeing the restructuring of companies under the Companies Act.

The Court has ruled that the family MoU [see box on pg 16] is binding on RIL and the four companies (including RNRL) which were spun off from it and handed over to the Anil Dhirubhai Ambani Group. The problem with the verdict is that the family MoU has not been made public. It did not form part of RIL's demerger scheme in 2005. RIL's public shareholders would have raised a hue and cry had they known that it was under pressure to forego thousands of crores of rupees from its future revenue stream due to an abysmally low gas price.

Apart from committing supply of 24 million standard cubic metres per day for 17 years, the family MoU also makes RIL do other favours for the ADA Group. It is required to supply an additional 12 million standard cubic metres per day at the same price and for the same duration in case the National

Gas pricing basics

THE pricing of natural gas is tricky. Cost of production varies. It costs less when collected along with crude as in Bombay High and more when produced exclusively as free gas – as in the Krishna-Godavari basin. Also, the higher the heat value, more the price. Composition also affects price. If it has all the four major components – methane, ethane, propane and butane – it fetches a higher price. This is because its different components can be used by different industries. Ethane, propane and butane can be used for production of chemicals, propane and butane for production of liquefied petroleum gas, and methane for production of urea fertilizer or methanol (a building block for several chemicals) and also as fuel for power generation, as automobile fuel or as piped gas for residential use.

In India, there is no uniform price for gas. The government controls the price of

REUTERS

RIL's KG-D6 facility: now the milking starts; (inset) Anil and Mukesh Ambani at June 2004 AGM: did the shareholders know?

Thermal Power Corporation (NTPC) deal [see box on pg 16] does not materialize, thereby aggregating the base volume to 40 million standard cubic metres per day.

According to RNRL, "...thereafter, from the entire future reserves of RIL (including new discoveries of gas from new explorations, and/or bids as may be submitted from time to time) Reliance-ADAG will have the first option to get 40 per cent quantity of gas (option volume gas). This is to ensure that over 20 lakh shareholders of the company continue to benefit from RIL's gas finds."

Knowing well RIL's track record in striking oil and gas and its rising share in the country's total gas production, ADAG might well end up with rights over half of the gas produced in India.

Had the family MoU been made public, the Central Board of Direct Taxes would perhaps have applied the concept of transfer pricing to see how its tax revenue would get affected by shift of profit from RIL to the ADAG group. Similarly, the government would have raised queries on the demerger scheme had it known that the MoU envisaged grant of perennial rights over gas, which is a national resource. Nor would the Finance Ministry have turned a blind eye to the potential loss of revenue through lower royalty on gas.

No doubt any government has to do tight-rope balancing between the conflicting interests of the Ambani brothers, owing to the clout of each.

The Ministry of Petroleum and Natural Gas did not want to be seen as anti-Anil Ambani when it rejected the gas price of $2.34 in mid-2006. It also did not want to be seen as pro-Mukesh Ambani. So later it rejected the $4.97 price proposed by RIL.

In August 2006, the Ministry constituted a pricing committee for gas produced by oil blocks licensed by the government to different companies under the New Exploration Licensing Policy over the years. In its report, submitted in December 2006, the committee said: "In all situations where price discovery through competitive bidding is possible, there should be no need to apply any other principle for valuation of gas. In cases where the actual supply of gas has not yet commenced, the process of price discovery through the open market mechanism must be resorted to."

In actuality, there was no need for this committee. The broad principles of gas pricing and marketing are already incorporated in the production sharing contracts which the government signs

gas produced by the Oil and Natural Gas Corporation and Oil India Limited from fields that were assigned to them on nomination basis before the launch of the New Exploration Licensing Policy in the 1990s. The underlying principle for this administered price mechanism is that gas price should be equivalent to fuel oil, the cheapest liquid fuel it can be substituted with. ONGC and OIL sell APM gas to fertilizer and power companies at lower prices. They charge more from other gas-based industries. The latter price is, however, lower than the *de facto* free market price charged by a few joint ventures that produce gas from fields discovered by ONGC.

Another category is gas price charged by licensees that explored and developed gas from blocks allotted to them through competitive bidding under the Policy. While the non-APM prices are increased periodically through negotiations, the APM price is a matter of political discretion. Last revised in July 2005, an APM price hike is awaiting government approval for over a year.

A tale of two cases

ON June 15, the Bombay High Court ordered RIL to enter into a "suitable arrangement" for supply of gas to Anil Dhirubhai Ambani (ADA)-controlled Reliance Natural Resources Limited (RNRL) within one month. The arrangement is to be on "the basis of quantity, tenure and price as specified and agreed between the parties" (the two brothers and their mother) under the Memorandum of Understanding (MoU) of June 18, 2005 that settled the dispute between Mukesh and Anil. Reliance Industries Ltd (RIL) and RNRL are to arrive at the arrangement by renegotiating the terms and conditions of the agreement so as to make it a bankable agreement for proposed power generation projects of the ADA Group.

Alternatively, the brothers can revert to their mother, Kokilaben D Ambani, who had reserved her ability to intervene again if the parties failed to act upon the MoU, and ADAG can opt for a damages claim.

Under the MoU, RIL had agreed to supply 28 million standard cubic metres per day from the Krishna-Godavari basin at a price no greater than the price to be charged from NTPC. In the case of NTPC, RIL had emerged as the winning bidder for supply of 12 million standard cubic metres per day for 17 years with a base price of $2.34 per million British thermal units in mid-2004. According to an analyst, RIL blundered by quoting this distress sale price. It did so perhaps to keep at bay half-a-dozen multinationals that participated in the tendering competition. The overseas bidders had offered to export gas to NTPC in the form of liquefied natural gas.

In March 2004, a news story quoted NTPC's internal calculations on gas pricing computed with the help of a reputed global consultant. The report suggested that the delivered price of liquefied natural gas to NTPC's power projects in Gujarat should be between $2.32 and $2.95 per million British thermal units. RIL might also have felt insecure over the fact that the government's gas allocation policy was not applicable to gas produced by companies under the New Exploration Licensing Policy.

RIL did not sign the gas sale and purchase agreement with NTPC as it wanted the latter to renegotiate terms and condi-

with companies that put up winning bids for exploration and production of hydrocarbons under the New Exploration Licensing Policy. At this stage, the government could have asked RIL to organize a formal bidding competition among existing and prospective users of gas such as fertilizer, power, steel and petrochemical companies. Oil industry sources say that such a competition would have resulted in an altogether different price of gas because here it is the seller who is soliciting bids from prospective buyers.

In the case of NTPC (buyer), RIL was pitted against multinationals with deep pockets. Perhaps RIL did not want to lose NTPC as a potential customer. The gas price secured by NTPC is an exception. It won't secure such a price again, if today it invites fresh global bids.

The Ministry, however, continued to tie the government in knots. It tossed the Krishna-Godavari basin gas issue in the inter-ministerial fora. The Committee of Secretaries suggested

Kokilaben blesses son Anil: will the mother intervene again to enforce the MoU?

RIL's public shareholders would have raised a hue and cry had they known that it was under pressure to forego thousands of crores of rupees from its future revenue

tions. In such cases, the company inviting bids normally forfeits the bank guarantees given by the defaulting bidder and negotiates with the next most successful bidder. Instead, NTPC dragged RIL to Bombay High Court on December 20, 2005, seeking a directive to the company to sign the contract in keeping with the tendering norms. NTPC also urged the Court to restrain RIL from committing the gas to any other potential customer without first meeting its obligations.

Interestingly, the government did not intervene in this dispute, whereas it went through a series of administrative actions including setting up of an empowered Group of Ministers in the case of Reliance.

Besides litigation, NTPC also questioned other RIL capital expenditure in the Krishna-Godavari basin and the way it had discovered the market price for its gas. According to a corporate lobbyist, the public sector Navratan company appeared to be fronting for ADAG. He pointed out that NTPC Chairman CP Jain joined ADAG's Reliance Capital as one of its directors in April 2006, a month after superannuation.

During February-July 2006, the pricing of 28 million standard cubic metres per day to be supplied by RIL to RNRL became the subject of correspondence between the companies and the Ministry of Petroleum and Natural Gas. Simultaneously, RIL proposed a base price of $4.97 per million British thermal units for Krishna-Godavari gas on the basis of invitation of offers from a limited number of prospective buyers.

After the Ministry rejected the price of $2.34 per million British thermal units, RNRL approached Bombay High Court in November 2006, seeking gas supplies in accordance with the family MoU. It also urged the Court to restrain RIL from committing gas supply to other potential consumers.

It is anybody's guess as to why the Court did not club the NTPC and RNRL cases as the latter case hinges on the disputed gas price of $2.34 per million British thermal units which was discovered in the former case.

Alternatively, the two cases could have been sequenced – NTPC followed by RNRL. Assuming the Court's verdict favoured RIL in the NTPC case, the very basis of price and duration of gas supply in the RNRL case would have become redundant.

that the government formulate a gas utilization policy and gas pricing policy. With political pressure from all quarters building up, the Prime Minister referred the Krishna-Godavari gas pricing issue to an empowered Group of Ministers under the chairmanship of Pranab Mukherjee.

IN September 2007, the Group recommended a gas price of $4.2. Subsequently, it specified a broad framework for rationing the Krishna-Godavari basin's projected peak output of 80 million standard cubic metres per day, expected in 2012. It has given overriding priority to the fertilizer and power sectors in allocating gas from D6 block of the Krishna-Godavari basin, which started commercial production in April. The Group decided that the existing demand for gas from the petrochemicals, refineries and steel sectors would be considered for allocation when gas production increases beyond 40 million standard cubic metres per day. This will also apply to RIL's petrochemicals complexes that need additional gas both as feedstock and as fuel. RIL, the gas producer, thus cannot use its own Krishna-Godavari basin gas at present!

The Group has made a mockery of the production sharing contracts that it signed with RIL for the Krishna-Godavari basin and with other such New Exploration Licensing Policy licencees/contractors. A model production sharing contract reads: "The contractor shall have the freedom to market the gas and sell its entitlement."

The nation now awaits the next turn of battle. Will RIL challenge the verdict in the Supreme Court? RIL's official stance is that it is reviewing the judgment. "We will decide the future course of action according to legal advice," said a company official.

As for the government, it is seemingly groping in the dark in trying to deal with a mess to which it has also contributed. Will it file a special leave petition in the Supreme Court to protect its revenue accruing from royalty. Will it put the matter under the transfer pricing scanner to see whether there will be any loss of income tax revenue as low pricing over 17 years implies shift of significant profit from RIL to the ADA Group? Will the government introduce transparency in the realm of gas pricing and gas allocations? Both these gas disputes would not have arisen if the government had laid down clear-cut norms for corporate governance, gas pricing and rationing of gas in the case of all companies.

It also remains to be seen whether Mukesh Ambani will explore reaching a fresh compromise with his brother and whether the compromise is at all possible. Will their mother intervene? Or will the ADA Group seek damages from RIL for delay as well as failure in creating suitable arrangement for gas supply?

There is also the question of how this verdict will influence the same Court's pending judgment on the RIL-NTPC case. g

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Be a doormat, get treated like one

Indian responses to situations like the Australia attacks are pusillanimous when they should be tough

MEDIA coverage of repeated attacks on Indian students in Australia has hurt the nation. On an average, two or three attacks per week have been taking place since 2004. According to the Victoria Police Commission, 1083 robberies and assault were reported against Indians in 2007-08 and 1447 in 2008-09. The Indian government and the High Commission were fully aware of the increasing atrocities.

The credit for highlighting the plight of Indian students goes to the media. Amitabh Bachchan declined to accept an honorary doctorate from the Queensland University of Technology, stating "My conscience does not permit me to accept this decoration from the country where citizens of my own country are subjected to such acts of inhuman horror." Bollywood has decided not to shoot in Australia.

The reaction of the Indian government is typically timid. It has taken no concrete action even as the attacks continue and the Australian government refuses to accept it as racist violence. While urging the Australian government to prevent such attacks, India counselled its students to exercise restraint. Australia branded India unsafe for the Davis Cup tie recently. India could have easily forced the Australian government on the backfoot by issuing an advisory against visiting Australia on similar grounds. In any case, Australia is no great friend of India's. It opposes Indian nuclear policy vehemently and has steadfastly declined to export uranium to India.

India's foreign policy has been a chronicle of abject servility, timidity, and inexplicable reticence. It is characterized by a lack of aggressive protection of Indian interests. The Ministry of External Affairs appears more concerned about the sensitivities of other nations than its citizens' welfare. While masquerading as a growing superpower, it behaves like a weakling.

In January 2008, the Indian Prime Minister was advised not to visit Tawang (an integral part of India), lest China get irked. There cannot be a more shameful example of the dismal surrender of India's sovereign rights. Similarly, India went overboard to ensure safe passage of the Olympic torch in April 2008 as China had expressed its disapproval of pro-Tibet protests.

Indian protests Australian brutality: is South Block too soft?

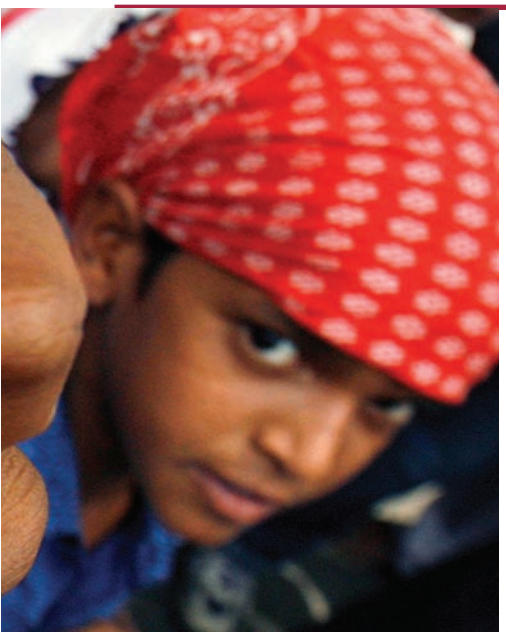
Last year, India's envoy to Beijing was summoned in the middle of the night for absurd reasons. Even a banana republic would have taken offence. But, India is different. Its ambassador to Beijing promptly reported to the Chinese foreign ministry without a whimper of protest. Let South Block try the same with the Chinese Ambassador in New Delhi. Even a lowly staffer of the Chinese embassy will not respond.

A look at India's foreign policy

REASONS

Lack of Accountability. Like all bureaucratic organizations, the MEA has no concept of fixing responsibility. No one was sacked for the ill-advised military intervention in Sri Lanka. Similarly, the Indian envoy in Beijing was not questioned for embarrassing the country by responding at midnight. The list is endless.

Burden of Obligations. Some MEA functionaries are personally obliged to foreign countries. Their offspring are accommodated in foreign universities with liberal scholarships. It would be highly revealing if complete data on all such "diplomatic gratifications" is made public.



PHOTOS: REUTERS

Troops in Tawang: do they need China's permission?

record with respect to Pakistan is equally revealing. The Kashmir issue was taken to the Security Council when India was on the verge of ejecting all aggressors and reclaiming the whole state. The strategic Haji Pir Pass was handed back to Pakistan in Tashkent in the misplaced hope of placating it to behave like a responsible neighbour. The hard-won victory in the 1971 war with Pakistan was lost on the negotiating tables of Shimla. India returned over 80,000 Pakistani soldiers while Indian soldiers continue to waste away in Pakistani jails. The naivety of Indian foreign policy framers has ensured that all gains made in the battlefields are frittered away subsequently.

Let us take a look at the Pakistani response to such Indian gestures. Pakistan captured an Indian patrol led by Lt Saurabh Kalia in May 1999 from the Indian side of the Line of Control in Kargil. Defying all conventions on the treatment of Prisoners of War, the Pakistanis chopped off limbs and other parts of the hapless Indian soldiers besides inflicting physical and mental torture. After 22 days of torture, the soldiers were ultimately shot dead.

HAD such treatment been meted out to Israeli soldiers, Israel would have made Pakistan pay dearly for it. If American soldiers were brutalized in this manner, the US would have obtained custody of the guilty and tried them in the US for war crimes. Instead of hauling Musharraf before international law commissions for crimes against humanity, India allows him to roam free in India as an honoured guest to propagate his anti-Indian views.

Recently, over 50 Indian passengers flying Air France were subjected to blatantly racial treatment and kept in inhuman conditions for 28 hours at Paris airport with little food and water. Any self-respecting country would have punished Air France for its misconduct. But the Indian government remained apathetic.

Indian embassies and High Commissions are notorious for their unhelpful attitude and indifferent demeanour. Every Indian visitor is considered a nuisance and shunted from one desk to the other. Most of the staff remains busy managing VIP visits.

Pretensions to being an emerging power must be matched by a determination to safeguard national prestige. Great nations are distinguished by their self-confidence and self-respect. India fares miserably on both counts. The MEA would do well to remember the old saying: "If you behave like a doormat, you will be treated like one." It is time the MEA mandarins show some spine. Let no country dare to take India lightly and inflict insults on its citizens. g

Networking for Future. Bureaucrats crave lucrative appointments in the UN, World Bank and other international organizations. Their candidature needs support from developed nations. Therefore, they rarely say or do anything to irk them.

Servile Mindset. Despite the fact that India has been independent for over six decades, it still suffers from an acute inferiority complex when it comes to interacting with the developed nations. It is a most disgusting sight to see Indian officials clasping a foreign dignitary's hand with both hands rather than shaking hands in a normal manner.

Maya creates a gla s

Women officers are noticeably sidelined in the Mayawati re

by Tara Patkar

WHEN Mayawati became the first Dalit woman to be Chief Minister of Uttar Pradesh, many people naturally assumed that her ascendancy would prove a boon for both Dalits and women. Two years into her current stint in power, neither category appears to have benefited. In fact, both sections of society languish pitiably in the largest state of the country.

In administration, Mayawati has done precious little to share power with women. Her jumbo ministry includes not a single woman Cabinet minister. Her office on the fifth floor of Lal Bahadur Shastri Bhawan has not a single woman bureaucrat. As far as field postings go, only one woman, Radha S Chauhan, has been made Commissioner in Meerut. And the appointment of Neera Rawat as police chief of Kanpur city recently is the proverbial exception that proves the rule.

The National Human Rights Commission has expressed concern over increasing crime against women in UP. According to the State Crime Records Bureau, cases of eve teasing and molestation have increased 12 times. In the state capital alone, there were over 300 incidents of eve teasing and molestation last year. Worse, the men in khaki were found involved in some cases.

Yet, Mayawati seems to place little faith in her women officers in tackling the problem. The state government recently removed IPS officer Beena Bhookesh as SP, Shahjahanpur without any reason and sent her to the 47th battalion of the Provincial Armed Constabulary (PAC) as a commandant. Shachi Ghildiyal, who was SP, Chandauli, has been brought to Lucknow and assigned an insignificant post. Chandauli had earlier, during a posting in Chitrakoot, built a reputation for taking action against dreaded dacoit Dadua.

The National Human Rights Commission is concerned over crime against women in UP. According to the State Crime Records Bureau, cases of eve teasing and molestation have increased 12 times

In a state with 71 districts, just six women IAS officers hold the post of District Magistrate – K Dhanlakshmi (Farrukkhabad), Kanchan Verma (Balrampur), Anita Meshram (Unnao), Pinki Jovel (Lakhimpur Khiri), Ritu Singala (Jyotiba Fule Nagar), and Aparna U (Jaunpur).

A seventh woman, Ministhy Dileep, who was DM of Mainpuri during the Parliamentary election, stood up to Samajwadi Party chief Mulayam Singh Yadav, who contested the seat. She faced his ire for cancelling the arms licences of some SP workers. Mulayam reportedly said, "Since you are a woman, I am restraining myself...had you not been a woman, you would have faced the conse-

FOTOS4INDIA

Mayawati with male coterie (left) and sidelined women officers (top to bottom) Ghildiyal, Singh and Shukla

ı ss ceiling

ati regime

quences. You should know that I am contesting the election here." Dileep sent a report along with a CD containing video footage of Mulayam's speech to the state election office, which in turn passed it on to the Election Commission in New Delhi. Mulayam was forced to deny his remarks in Lucknow to avoid controversy.

In her short bureaucratic career of about six years, Dileep has emerged as a tough officer and symbol of women's empowerment. An engineer by education, the Keralite officer joined the IAS' UP cadre in 2003. Her action boosted the morale of young bureaucrats facing challenging situations in the state. However, after the election, she was removed from the post. She is now Special Secretary in the Agriculture Production Commissioner's office.

In general, UP's women bureaucrats are far from comfortable under the Mayawati regime and are opting for deputation to the Government of India. About two dozen are currently on deputation. The prominent ones include Rita Sinha (1973 batch), Dr Rita Sharma (1974), Rita Menon and Jayati Chandra (both 1975), Loretta Mary Vas (1977), Stuti Narayan Kacker (1978), Johra Chatterji (1979), Aradhana Johri (1980), Anita Bhatnagar Jain and Shalini Prasad (both 1985), Renuka Kumar and Leena Nandan (both 1987), Juthika Patankar (1988), Monica Sehgal Garg and Dimple Verma (both 1989), Kalpana Awasthi (1990), Nivedita Shukla Verma (1991), V Helali Zhimomi (1996), and Neena Sharma (1998).

More senior women IAS officers like Sunanda Prasad (1974), Veena Upadhyaya (1976), Neeta Chaudhary (1977), and Vrinda Swaroop (1981) are virtually sidelined. Chaudhary was earlier Principal Secretary, Health and was such a tough boss that she earned the nickname of "Don" in her department.

In general, UP's women bureaucrats are far from comfortable under the Mayawati regime and are opting for deputation to the Government of India. About two dozen are currently on deputation

She introduced several reforms in the health sector. She had headed the department in the Mulayam government as well until then Health Minister Vinod Pandit complained to the CM that "Madam does not listen to me". She was then sent to the Planning Programme Implementation department. Swaroop recently returned from deputation and has been given charge of the significant Technical & Vocational Education department in an unexpected move by the Mayawati government.

BUT the vast majority of women officers continue to find themselves on the fringes of the establishment. A year ago, Archana Agrawal (1990) was dealing with the all-important Public-Private Partnership (PPP) Projects besides other significant industrial sectors. However, it did not last. The disappointed officer is now on long leave.

During the tenures of Mulayam, Rajnath Singh, Ram Prakash Gupta and Kalyan Singh, six to 10 women officers had served on field duty. Under Mulayam, Anita Singh was appointed Secretary to the CM and Aradhana Shukla was made DM of Lucknow. In contrast, under a woman Chief Minister, they are largely isolated.

Unwilling to come on record, disgruntled women officers point out that there seems to be an element of distrust towards them on the part of the Chief Minister. A senior official attached to the Chief Minister's Secretariat concedes that Mayawati harbours a belief that women bureaucrats are less hard-working. While some officials do feel that women officers try to avoid field postings, by and large the women's brigade is resentful of their present assignments and points out that field exposure is vital at crucial junctures in an officer's career. This section is being hit hard professionally by the Chief Minister's misgivings. g

Mrs G had to steam r

The current economic gloom is an opportunity for apprai si

by S Narendra

REUTERS

Sonia Gandhi: new inspiration from Indira's leftward lurch?

WHEN mighty global banks were crashing under the weight of their own greed and seeking bailouts from their governments, Sonia Gandhi made a significant observation – that Indira Gandhi's decision to nationalize private banks had shielded the Indian financial system during the global meltdown. This July marks the 40th anniversary of bank nationalization – an astute political move that came to mean smart economics as well. In subsequent years, politics again came to the rescue – blocking several attempts to reverse bank nationalization by prominent policymakers in the present and predecessor governments.

On the day man first landed on the moon, India's government took the first step along the road to climbing the "commanding heights of the economy". That July, 40 years ago, witnessed intrigue and power struggles within the Congress. Economics became the handmaiden of power and influence. After Prime Minister Lal Bahadur Shastri's death in early 1966, swift political currents began to reshape the Indian polity. Congress power-brokers installed Indira Gandhi as PM by defeating Morarji Desai in the prime ministerial poll.

In the first general election of the post-Nehru era in 1967, the Congress lost power in many states and the Opposition ranks in Parliament swelled, especially those of the Swatantra Party – representing ex-royalty and business – and of the Jan Sangh. The Congress was seemingly losing its traditional social and regional base and also the support of business and industry. In the new Congress government, Desai was made Deputy Prime Minister as well as Finance Minister. While Mrs Gandhi opposed his proposal to tax farm income, Desai stalled her suggestion for bank nationalization with his "social control" – a system of token oversight over banks.

The All-India Congress Committee (AICC) session in the summer of 1969 at the glass-house in Lalbag, Bangalore became a watershed. Party president Nijalingappa, associated with the old guard, gave a call for pro-business policies in his opening address. Mrs Gandhi countered with her "stray thoughts", outlining a more pro-people line that hinted at a greater role for government in the economy.

When the post of President of India

n roller it through!

rai sing the politics and merits of bank nationalization

fell vacant in May, after the death of Dr Zakir Husain, the rift within the party became unbridgeable. Mrs Gandhi and her supporters opposed the nominee for President of the party old guard (dubbed the "syndicate"). On July 14, the PMO notified the news agencies that Desai had been stripped of his finance portfolio. On being shown the news flash in his office, Desai called for his personal car and went home. On July 19, Mrs Gandhi, who had taken over the finance portfolio, announced in a radio broadcast the nationalization of 14 private banks. It was a master stroke. She was going to the people for support over the heads of party power-brokers who wanted her to be their "*gungi gudiya*" or dumb puppet.

Until nationalization, a few business houses – in order to maintain their dominance – managed a cosy arrangement with commercial banks and general insurance, since they were also their owners. A Reserve Bank of India report on rural credit had bared the stark reality of rural poverty and the total neglect of agriculture and rural sector by private banks. Desai's "social control" appeared to have done nothing to correct this situation. The officials assigned to work on nationalization could not even lay their hands on any reliable official records for determining the size of banks to be nationalized. They reportedly took the cue from a newspaper article that categorized banks on the basis of deposits – Rs 50 crore or less.

Then, some senior officials in the Finance Ministry changed and a new banking department was added to it for exercising broad policy oversight over banks. Under Prime Ministerial supervision, Finance and other economic ministries came up with a series of policies whose traces are present in most sectors of the economy even today.

Many policies – for the broadening of the industrial base, entrepreneurship, advances in agriculture and allied occupations, and measures to change rural India – would perhaps not have been possible without this single decision taken about 40 years ago

Many such policies – for the broadening of the industrial base, entrepreneurship, advances in agriculture and allied occupations, and measures to change the face of rural India – would perhaps not have been possible without this single decision 40 years ago. Bank depositors have overwhelmingly preferred the safety offered by public sector banks, even while foregoing some of the blandishments held out by their private competitors.

WHENEVER the subject of expansion of access to banking, particularly in favour of under-served areas, crops up, arguments are advanced for opening up of the sector to private and international banks. It is rarely noted that even the nationalized banks needed to be cajoled and lured to move into difficult areas and sectors. They had to be shepherded to unfamiliar rural and other sectors with a definite policy of priority lending.

While there is a wealth of research damning the effects of bank nationalization (much of it partly motivated and undertaken when rainbow economic conditions prevailed), objective research is sparse. The all-pervading economic gloom of the present is perhaps an opportunity for a proper appraisal of the politics of the ideological debate over bank nationalization, and the road ahead. This needs to be separated from the other debate over government dominating the "commanding heights of the economy"! g

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vijendra jain

Justice, social and all

A former Chief justice of Punjab & Haryana looks back on helping children, razing encroachments, and forcing private hospitals to provide beds to the poor

MY forefathers migrated from Haryana to Delhi in 1863 and lived in the Pahari Dhiraj neighbourhood of old Delhi. Our entire family was in business; I am the first generation to go into the legal profession. I graduated from Sri Ram College of Commerce and then got an LlB followed by an MA in political science. I have always believed that Man is incomplete without studying history and political science. In 1969, I joined the bar at Tis Hazari Courts and started working with a senior advocate, VC Mishra, who later became a High Court judge. (Strangely, after retirement he headed straight to Vrindavan instead of his home and became an ascetic.)

I was very active in politics as a student and was elected General Secretary of the All-India Students Congress in 1964 when K Kamaraj was Congress President. I was only 18 years old. I became very close to VK Krishna Menon, whom I admired a great deal. When he donated his property to the nation, I was the witness to his will. He donated around 5,000 books to the Jawaharlal Nehru Library at Teen Murti Bhavan.

In 1965, when Lal Bahadur Shastri was Prime Minister, it appeared to Indira Gandhi that that year Nehru's birth anniversary celebrations were too low-key. She discussed this with Krishna Menon who then sent me to meet her. She expressed her unhappiness to me, too. Krishna Menon told me to organize public meetings in Delhi and in the university area to celebrate Nehru's birthday. I held about 15 rallies and was lauded within the party.

Throughout my legal career, I was a civil lawyer except once when I advocated a criminal case of VC Shukla and Sanjay Gandhi. In 1971, I won the municipal poll from Deputy Ganj on a Congress ticket. In those days, the party had internal democracy. But after the Emergency was imposed in 1975, I became personally disappointed with the Congress. Sanjay Gandhi, with whom I did not get along, was the boss.

I finally became disenchanted with politics and began to devote all my time and energy to my profession. Even during my days in politics, I had kept in touch with my profession and had fought cases off and on. After I decided to practice full time, I started earning name and fame in court. I was designated a senior advocate *suo moto* by the High Court.

When PV Narasimha Rao became Prime Minister in 1991, Justice GC Mittal was Chief Justice of Delhi High Court. One day, I went to meet him and recommended one of my friends for appointment as a High Court judge. Mittal said he would consider my friend's case later and instead asked me to become a judge. I was taken aback. The salary of a High Court judge was only Rs 8,000, whereas I was earning well in my practice. I discussed the matter with my family. My mother and wife supported me and my children, though young, also liked the idea. Being an extrovert, I had a vast circle of friends and I felt it would be difficult for me to perform as a judge. In any case, it had never been my ambition.

When I was appointed a judge of Delhi High Court on December 18, 1992, I felt like a fish out of water. I was a permanent judge from Day 1 and had no time to adjust to my new *avatar*. A few days after the appointment, at 4 pm, the hour at which the court usually wound up, I noticed the presence of a large number of children in the court. I asked why they were in the court and was told they had been selected to participate in the national games but could not fly to Madurai as the government had not sanctioned the funds in time. I ordered that they be sent immediately and the formalities and technicalities be completed later. I still recall the faces of the children beaming with joy.

On another occasion, a petition came

We simply brought in the law to overcome lawlessness in the city

Demolishing illegal structures on Yamuna: fighting entrenched land mafia in Delhi

PHOTOS: SHARAD SAXENA

Jain: resting with a clear conscience

before us and we asked the Municipal Corporation of Delhi (MCD) how many unauthorized colonies there were. The MCD said it had booked 18,000 unauthorized colonies. Upon this admission, we told them to demolish all and dismiss the engineers on duty when the colonies became habitations. There were sale deeds, and electricity and water supply in these colonies. The question was, who promoted these colonies and what was the government doing? We simply brought in the law to overcome lawlessness in the city.

When the police, engineers, and MCD started filing inaccurate affidavits, we set up monitoring committees and appointed 10 local commissioners as a method of judicial intervention. We found out that government property worth Rs 7,000 crore had been encroached upon illegally. I ordered the land vacated of unauthorized occupants. You need guts and commitment to take action.

I also got the Yamuna bed cleared of unlawful encroachment. About 80,000 illegal factories were also removed. I asked traffic officials to ensure that traffic from other states having no business in Delhi is not allowed to enter.

I have always felt that the judiciary should work to ameliorate the quality of life of the common citizen of India. I allowed the Metro administration to work. I said that private convenience must give way before public convenience. I ordered that 20 per cent of seats should be allotted in every public school for the common man. When I found that all the private hospitals got land allotted at concessional rates, I ordered them to make 20 per cent of their beds available to those who could not afford their treatment. Law is meaningless if it doesn't take into consideration social justice. There used to be dividers on Delhi's roads everywhere, causing traffic jams. I appointed a committee of Deputy Commissioners of Police as a convener and ordered that all right side turns be closed.

A person should not have to travel more than 20 km from his home to seek justice. Sadly, people travel day and night to reach courts. Justice should be cost-effective, speedy and accessible to the common man. If any one of these is missing, the people's faith in the judiciary will be eroded. Fortunately, despite delay and cost, people still have faith in the judiciary.

I was appointed Chief Justice of the Punjab and Haryana High Court on November 28, 2006 after serving Delhi High Court for almost 14 years. When I joined, I found a total mess. There were 1.2 million cases pending – 5.6 lakh from Punjab, 5.2 lakh from Haryana, and almost 90,000 cases from Chandigarh. I was stunned to find that only 650 judicial officers were performing in those circumstances. I got 250 officers appointed. I introduced mobile courts. I took the Punjab and Haryana High Court on wheels into Punhana (Mewat), Haryana and to Hoshiarpur in Punjab. Justice should be delivered at the doorstep of the people. g

Lord of the biddas

Reaping the electoral harvest of a slew of welfare schemes, YSR is strengthening his stranglehold over Andhra Pradesh despite a host of controversies

by TR Ramachandran

SNEERS of a default win and a negative vote notwithstanding, the simultaneous elections in Andhra Pradesh saw Chief Minister YS Rajasekhara Reddy impressively retain power for the Congress in the state (159 out of 294) and also secure 33 out of 42 Lok Sabha seats. Undeterred by detractors saying that YSR, as he is popularly known, has taken corruption to new levels – doling out favours to his son, captains of industry and supporters – he is now in full throttle in his second stint.

YSR owes this success to welfare policies. Yet, ironically, he is indebted to his *bête noire* – Telegu Desam Party supremo and former Chief Minister Nara Chandrababu Naidu. YSR and Naidu joined politics at the same time. As Congress colleagues, they served as Ministers under old warhorse T Anjaiah. Naidu acknowledges Anjaiah as his mentor, though he was later to join father-in-law NT Rama Rao's TDP.

Emulating Marxist stalwart Jyoti Basu, Naidu introduced a series of economic measures during his stewardship of Andhra Pradesh for two consecutive terms from 1994. These measures began to bear fruit from 2004 onwards, when the Congress regained power after a gap of nine years.

With Naidu's spadework leading to overflowing coffers, the Budget presented by the Congress government in 2004-05 had more than doubled to Rs 1 lakh crore. This gave YSR free rein to spend. The Indiraamma Housing Scheme was a runaway success and had more houses on paper than the targetted group for whom it was meant. Then there was the "White" Ration Cards for those below the poverty line. At last count, over 1.6 crore White Ration Cards were issued to less than 1.5 crore people said to be below the poverty line. Everyone was aware of massive bungling in the scheme but the majority chose to turn a Nelson's eye as it enabled poor families to get food at extremely cheap rates. YSR also launched a number of irrigation projects which are far from completion. Sceptics observe wryly that the work could take another decade and there are no prizes for guessing who benefits.

It is evident he does not want to lose this tag of mascot of welfare schemes – with the latter affecting every "*Telegu bidda*", and there are 9 crore of them in the massive Deccan region spread over 2,12,000 sq km. In his second tenure, with funds in short supply owing to the economic slowdown, he has less fluidity with money. So, till the economy picks up, YSR is hoping to influence the Congress-led Central government to undertake largescale irrigation projects in his state.

Ruthless in guarding his *kursi*, he has been accused by partymen of having had a hand in the defeat of some Congress candidates in both Assembly and Parliamentary elections. Prominent among these leaders, who could have posed a threat to his

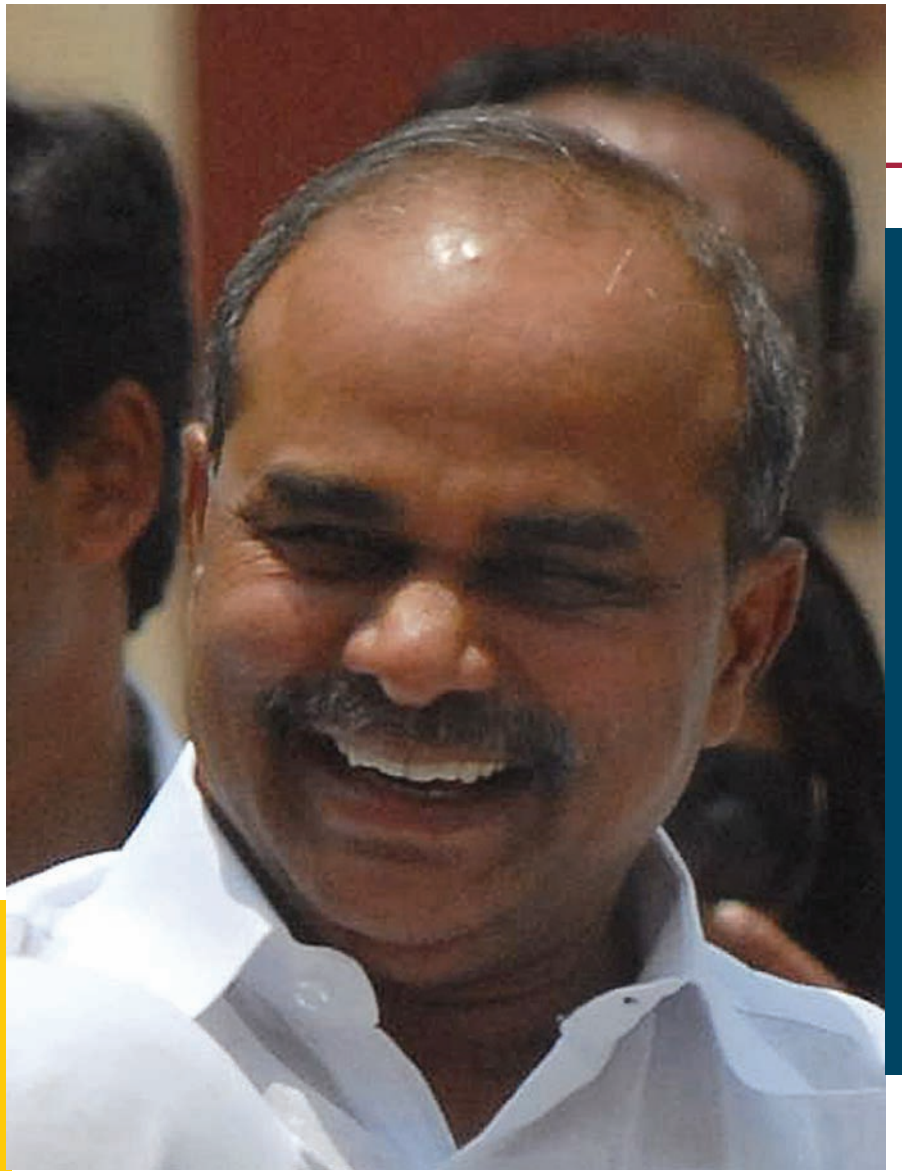
Hard work and dreams

IN 2003 YSR, then APCC chief, undertook a gruelling 1,400-km padayatra in the interiors of Andhra Pradesh to acquaint himself with the ground realities affecting the masses. The endeavour struck a chord with the millions in the countryside. In the 2004 Assembly elections, the Congress rode to power and YSR became CM.

Prior to that, he was personally so short of finances that he turned his house in Hyderabad's upmarket Banjara Hills into a commercial establishment. The venture is only now beginning to fructify.

Another endeavour was to make his son, Jagan Mohana Reddy, an MP. This was finally fulfilled in the last general election. He had once asked his brother, Vivekananda Reddy, to vacate the Cuddapah Lok Sabha seat for his son. But the resignation was rejected by the Congress president. This year, the son won the seat. YSR wants his son to get close to Rahul Gandhi. The two are the same age.

Jagan Mohana is on his way to becoming a media baron. A year ago, he launched a Telegu newspaper, *Sakshi* (witness). It has 25 editions in Andhra Pradesh alone besides in Chennai, Bangalore, Delhi and Mumbai. He also has a TV channel by the same name. Sources say the newspaper and TV project is currently valued at Rs 3,600 crore. It is believed that industrialists have invested in the *Sakshi* venture and in turn have been benefitted by allocation of land in the SEZ. A private company has reportedly been granted a whopping 25,000 acres in the SEZ. The TDP had questioned this deal in the run-up to the elections but has now quietened down.



SHARAD SAXENA

Reddy: a smile, confidence but above all a Teflon coat

YSR's friend, philosopher, guide

Close to friends from his medical college days (1971-77) in Gulbarga, Karnataka, YSR's most trusted confidant is KV Ramachandra Rao. He is YSR's alter ego, conscience keeper and political adviser and also the one to handle dirty jobs, if any. Rao understands Andhra politics and has been by YSR's side through thick and thin. After the Congress high command rejected his request the first time, YSR finally managed to get Rao a Rajya Sabha berth last year. An upper-caste Velama or landlord, Rao was adviser to the Congress government in Hyderabad in 2004 and YSR now wants him to get close to the Congress bigwigs in Delhi.

supremacy, was APCC president D Srinivas. A backward class leader, he failed to win the Assembly poll from Nizamabad. However, observers say Srinivas has himself to blame for his loss. With his defeat, any opposition to YSR in the faction-ridden Andhra Congress is clinically over.

This has left YSR confident and his Delhi sojourn in June was to consolidate his grip on Andhra Pradesh.

There are those who point out that YSR won on a negative vote as the Praja Rajyam Party of actor Chiranjeevi and some smaller regional parties split the opposition vote. YSR had been forecasting this for the past six months. He had also predicted that the Congress would get 33 Lok Sabha seats. This led to doubts in some quarters that the Electronic Voting Machines might have been manipulated – a theoretical possibility. The Assembly election vote count went thus: Congress – 1.45 crore; TDP – 1.15 crore; and PRP – 70 lakh.

Described by an observer as "a Christian by religion, politically a Reddy and culturally an Andhraite", YSR is a second-generation Christian. His father, Raja Reddy, while serving in the military in Burma, came across Christian missionaries and converted to Christianity. When he returned home, he was shunted out of his village. The Church of South India was formed in 1947 and Raja Reddy attended the services until he was killed by a rival Reddy clan in intra-caste Reddy wars.

Now 60, YSR has been in politics and in the Congress for the last quarter-century. Admired for forthrightness and frankness, his actions are unconcealed. At the same time, he has openly rewarded his supporters. Having made them wealthy, he expects them to respond positively when he is in the dumps. He has a reputation for winning elections and has never lost the Assembly seat of Pulivendala in Cuddapah district as well as the Lok Sabha seat from Cuddapah. His brother, Vivekananda Reddy, is a fundraiser and represented the Cuddapah constituency in the Lok Sabha.

He has weathered many controversies but no mud has stuck so far. An *India Today* poll in 2006 named him as the most popular CM in the country. A doctor, YSR is married to Vijayalakshmi and has a son and daughter. g

birthdays

IAS officers' birthdays | July 16, '09-August 15, '09

Vinay Shukla
16-07-1950
CADRE: CHHATTISGARH
shuklav@ias.nic.in

Maheshwar Prasad Mishra
16-07-1948
CADRE: JHARKHAND
mp.mishra@ias.nic.in

Atul Chaturvedi
17-07-1962
CADRE: ASSAM-MEGHALAYA
chatul@ias.nic.in

Satwant Singh
17-07-1954
CADRE: PUNJAB
satwantsingh.ias@ias.nic.in

Alka Panda
18-07-1957
CADRE: ORISSA
pandaa@ias.nic.in

Arti Dogra
18-07-1979
CADRE: RAJASTHAN
artidogra.ias@ias.nic.in

Bhupati Prasad Pandey
19-07-1950
CADRE: MAHARASHTRA
pandeyb2@ias.nic.in

P Amudha
19-07-1970
CADRE: TAMIL NADU
pamudha@ias.nic.in

Anwar Alam Manzar
20-07-1948
CADRE: BIHAR
a.a.manzar@ias.nic.in

BH Anil Kumar
21-07-1962
CADRE: KARNATAKA
kumarbha@ias.nic.in

Santha Sheela Nair
21-07-1950
CADRE: TAMIL NADU
nairss@ias.nic.in

Vipul Mittra
22-07-1963
CADRE: GUJARAT
mittrav@ias.nic.in

PP Gopi
22-07-1951
CADRE: KERALA
ppgopi.ias@ias.nic.in

Ramesh Sheoram Thete
23-07-1960
CADRE: MADHYA PRADESH
theters@ias.nic.in

Veluchuri Ratnakar Rao
23-07-1980
CADRE: WEST BENGAL
ratnakarrao.ias@ias.nic.in

Babu Lal Nimesh
24-07-1949
CADRE: JAMMU & KASHMIR
nimeshbl@ias.nic.in

Surjit Singh
24-07-1949
CADRE: PUNJAB
surjitsingh.ias@ias.nic.in

VN Vishnu
25-07-1958
CADRE: ANDHRA PRADESH
vishnuvn@ias.nic.in

Kamal Kumar Dayani
25-07-1965
CADRE: GUJARAT
dayanikk@ias.nic.in

Suneel Kumar Muttoo
26-07-1953
CADRE: UTTARAKHAND
skmuttoo@ias.nic.in

Saroj Kumar Tiwari
26-07-1952
CADRE: UTTAR PRADESH
sk.tiwari@ias.nic.in

Umesh Nanda
27-07-1949
CADRE: HARYANA
nandau@ias.nic.in

Abhijit Choundury
27-07-1952
CADRE: WEST BENGAL
a.choundury@ias.nic.in

Rohit Kansal
28-07-1969
CADRE: JAMMU & KASHMIR
kansalr@ias.nic.in

AP Sharma
28-07-1948
CADRE: MADHYA PRADESH
sharmaap@ias.nic.in

V Chandrasekar
29-07-1953
CADRE: KARNATAKA
chandrasekar.ias@ias.nic.in

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Sonia Sethi Bali
29-07-1969
CADRE: MAHARASHTRA
ssbali@ias.nic.in

Srinivasan K
30-07-1979
CADRE: JHARKHAND
k.srinivasan@ias.nic.in

V Sarvana Kumar
30-07-1973
CADRE: RAJASTHAN
vsaravanakumar.ias@ias.nic.in

Ram Subhag Singh
31-07-1963
CADRE: HIMACHAL PRADESH
singhrs3@ias.nic.in

Aunjaneya Kumar Singh
31-07-1976
CADRE: SIKKIM
ak.singh@ias.nic.in

Jitendar Pal Singh
01-08-1952
CADRE: HIMACHAL PRADESH
sjitenp@ias.nic.in

Jan-e- Alam
01-08-1965
CADRE: NAGALAND
alamj@ias.nic.in

Rajiv Bansal
02-08-1963
CADRE: NAGALAND
bansalr@ias.nic.in

Jyoti Prakash Das
02-08-1951
CADRE: ORISSA
01OR025613@ias.nic.in

Vijay Kumar
03-08-1956
CADRE: ANDHRA PRADESH
kumard@ias.nic.in

Tatipudi Ravikanth
03-08-1971
CADRE: RAJASTHAN
ravikan2@ias.nic.in

C Balakrishnan
04-08-1951
CADRE: HIMACHAL PRADESH
bcshekar@ias.nic.in

Sukriti Likhi
04-08-1968
CADRE: HARYANA
likhis@ias.nic.in

Ajoyendra Pyal
05-08-1953
CADRE: ANDHRA PRADESH
pyala@ias.nic.in

Deepak Khandekar
05-08-1961
CADRE: MADHYA PRADESH
khanded@ias.nic.in

Shashi Shekhar Sharma
06-08-1958
CADRE: BIHAR
sharmass85@ias.nic.in

Atindra Sen
06-08-1952
CADRE: MADHYA PRADESH
senatin@ias.nic.in

Tapan Senapati
07-08-1951
CADRE: KARNATAKA
stapan@ias.nic.in

Manoj Kumar Sahoo
07-08-1979
CADRE: UNION TERRITORY
mksahoo.ias@ias.nic.in

Samirendra Chatterjee
08-08-1952
CADRE: ASSAM-MEGHALAYA
samirenc@ias.nic.in

Manoj Kumar
08-08-1964
CADRE: MANIPUR-TRIPURA
kumarm1@ias.nic.in

Arvind Kumar Pandey
10-08-1954
CADRE: JHARKHAND
pandeyak81@ias.nic.in

Koothati Gopal
10-08-1966
CADRE: TAMIL NADU
gkuthati@ias.nic.in

Anand Kumar
11-08-1961
CADRE: KERALA
kranand1@ias.nic.in

Rajneesh Dube
11-08-1964
CADRE: UTTAR PRADESH
dubed@ias.nic.in

Alkesh Kumar Sharma
12-08-1963
CADRE: KERALA
salkesh@ias.nic.in

For the complete list, see www.indianbuzz.com

IPS officers' birthdays | July 16, '09–August 15, '09

Anita Roy
16-07-1966
CADRE: AGMUT
anitaroy@mail.svpnpa.gov.in

Pawan Deo
16-07-1968
CADRE: CHHATTISGARH
pawandeo@mail.svpnpa.gov.in

K Hari Rajan
17-07-1958
CADRE: WEST BENGAL
kharirajan@mail.svpnpa.gov.in

Ganji Anil Srinivas
17-07-1971
CADRE: WEST BENGAL
gasrinivas@mail.svpnpa.gov.in

Sushovan Banerjee
18-07-1963
CADRE: MADHYA PRADESH
sbanerjee@mail.svpnpa.gov.in

Tanuja Srivastava
18-07-1964
CADRE: UTTAR PRADESH
srivastava@mail.svpnpa.gov.in

AK Singh
19-07-1957
CADRE: MADHYA PRADESH
ak_singh@mail.svpnpa.gov.in

Sankar Singha
19-07-1951
CADRE: WEST BENGAL
sankars@mail.svpnpa.gov.in

Pankaj Gupta
20-07-1951
CADRE: MAHARASHTRA
pankajg@mail.svpnpa.gov.in

Anil Kumar Sharma
20-07-1956
CADRE: PUNJAB
anilkumarsharma@mail.svpnpa.gov.in

Harishekaran P
21-07-1968
CADRE: KARNATAKA
harishekaranp@mail.svpnpa.gov.in

R Dhinakaran
21-07-1971
CADRE: TAMIL NADU
rdhinakaran@mail.svpnpa.gov.in

K Nagaraj
22-07-1959
CADRE: MANIPUR-TRIPURA
nagaraj@mail.svpnpa.gov.in

Rakesh Asthana
22-07-1961
CADRE: GUJARAT
rakeshasthana@mail.svpnpa.gov.in

VD Ram
23-07-1951
CADRE: JHARKHAND
vdram@mail.svpnpa.gov.in

Manoj Bhatt
23-07-1957
CADRE: RAJASTHAN
mbhatt@mail.svpnpa.gov.in

M Gopi Krishna
24-07-1961
CADRE: ANDHRA PRADESH
mgopikrishna@mail.svpnpa.gov.in

Saji Mohan
24-07-1967
CADRE: JAMMU & KASHMIR
sajimohan@mail.svpnpa.gov.in

Man Singh
25-07-1962
CADRE: WEST BENGAL
mansingh@mail.svpnpa.gov.in

Madhukar Pandey
25-07-1971
CADRE: MAHARASHTRA
madhukarp@mail.svpnpa.gov.in

AK Viswanathan
26-07-1964
CADRE: TAMIL NADU
akvishwanathan@mail.svpnpa.gov.in

Jitendra Singh Gangwar
26-07-1967
CADRE: BIHAR
gangwar@mail.svpnpa.gov.in

RV Raju
27-07-1949
CADRE: JAMMU & KASHMIR
rvraju@mail.svpnpa.gov.in

Nitin Agarwal
27-07-1966
CADRE: KERALA
ntinagarwal@mail.svpnpa.gov.in

J Bendangtoshi Ao
28-07-1949
CADRE: NAGALAND
jbendangtoshi@mail.svpnpa.gov.in

Avichal Sharma
28-07-1970
CADRE: SIKKIM
avichal@mail.svpnpa.gov.in

For the complete list, see www.indianbuzz.com

IPS officers' birthdays | July 16, '09–August 15, '09

Tomin J Thachankary
29-07-1963
CADRE: KERALA
tomin@mail.svpnpa.gov.in

P Kannappan
29-07-1955
CADRE: TAMIL NADU
kannappan@mail.svpnpa.gov.in

Khinya Ram
30-07-1954
CADRE: MANIPUR-TRIPURA
khinyaram@mail.svpnpa.gov.in

Manoj Yadav
30-07-1965
CADRE: HARYANA
manojyadav@mail.svpnpa.gov.in

Nasir Kamal
31-07-1962
CADRE: UTTAR PRADESH
nkamal@mail.svpnpa.gov.in

Rakesh Rathi
31-07-1977
CADRE: BIHAR
rrakesh@mail.svpnpa.gov.in

B Kamal Kumar
01-08-1953
CADRE: HIMACHAL PRADESH
bkamal@mail.svpnpa.gov.in

Burkumzuk Ao
01-08-1950
CADRE: NAGALAND
burkumzuk@mail.svpnpa.gov.in

Harish Kumar Gupta
02-08-1965
CADRE: ANDHRA PRADESH
hkgupta@mail.svpnpa.gov.in

Asif Jalal
02-08-1974
CADRE: HIMACHAL PRADESH
asif@mail.svpnpa.gov.in

Satyajit Mohanty
03-08-1961
CADRE: ORISSA
satyajitmohanty@mail.svpnpa.gov.in

Rajan Singh
03-08-1972
CADRE: KERALA
rajansingh@mail.svpnpa.gov.in

VJ Gautam
04-08-1956
CADRE: GUJARAT
vjgautam@mail.svpnpa.gov.in

RK Choudhary
04-08-1954
CADRE: MADHYA PRADESH
rkchoudhary@mail.svpnpa.gov.in

Aditya Arya
05-08-1953
CADRE: AGMUT
adityaarya@mail.svpnpa.gov.in

TB Deotale
05-08-1947
CADRE: MAHARASHTRA
rbdeotale@mail.svpnpa.gov.in

Surendra Panwar
06-08-1961
CADRE: ORISSA
surendrapanwar@mail.svpnpa.gov.in

Satya Narayan Pradhan
06-08-1964
CADRE: JHARKHAND
snpradhan@mail.svpnpa.gov.in

Neelmani
07-08-1951
CADRE: BIHAR
neelmani@mail.svpnpa.gov.in

N Shanker Reddy
07-08-1960
CADRE: KERALA
nshanker@mail.svpnpa.gov.in

NPS Aulakh
08-08-1950
CADRE: PUNJAB
npsaulakh@mail.svpnpa.gov.in

KV Sreejesh
08-08-1974
CADRE: MANIPUR-TRIPURA
kvsrejesh@mail.svpnpa.gov.in

Ramesh Chand Tayal
09-08-1956
CADRE: ASSAM-MEGHALAYA
tayal@mail.svpnpa.gov.in

Sashikant Pujari
09-08-1960
CADRE: WEST BENGAL
spujari@mail.svpnpa.gov.in

Seemant Kumar Singh
10-08-1970
CADRE: KARNATAKA
seemant@mail.svpnpa.gov.in

Avtar Singh Bali
10-08-1954
CADRE: JAMMU & KASHMIR
asbali@mail.svpnpa.gov.in

For the complete list, see www.indianbuzz.com

For a complete list of appointments & retirements, see www.indianbuzz.com

CC SARKAR
The 1999-batch IES officer has been appointed Deputy Secretary, Expenditure in the Government of India.

CHAITANYA PRASAD
The 1990-batch IAS officer of the Bihar cadre has joined the Government of India as Director, Economic Affairs.

S VIJAY RAGHAVAN
The 1973-batch IAS officer of the Bihar cadre has become Adviser, Investment to Chief Minister Nitish Kumar.

AJAY BHALLA
The 1984-batch IAS officer of the Assam-Meghalaya cadre is now Resident Commissioner to the Meghalaya government.

DEEPAK TRIVEDI
The 1985-batch IAS officer of the UP cadre has joined the DDA as Principal Commissioner.

T NATRAJAN
The 1996-batch IAS officer of the Gujarat cadre has been posted as IG, Registration in Gujarat.

K GUPTA
The 1981-batch IAS officer of the Tamil Nadu cadre has become Joint Secretary, Defence.

DIWAKAR MISHRA
The 2000-batch IAS officer of the Assam cadre is now Principal Secretary, North Cachar Hills Autonomous Council.

SHIVANANDAN
The 1976-batch IPS officer has taken over as Police Commissioner of Mumbai.

HASAN GAFOOR
The 1974-batch IPS officer has been posted as DG, Housing.

PJ BAZELEY
The 1975-batch IAS (Retd) officer, former Chief Secretary, is now Chairman of the Meghalaya State Electricity Regulatory Commission.

KAMAL NAIN CHAUBEY
The 1986-batch IPS officer of the Jharkhand cadre has become Private Secretary to Union Minister of State for Health & Family Welfare Dinesh Trivedi.

KP RAGHUVANSHI
The 1980-batch IPS officer of the Maharashtra cadre has been appointed chief of the Anti-Terrorism Squad in Maharashtra.

GOPAL KRISHNA PILLAI
The 1972-batch IAS officer of the Kerala cadre assumes charge as Home Secretary after June 30.

MANISH JAIN
The 1994-batch IAS officer of the West Bengal cadre is now Director, Sarva Shiksha Abhiyan in West Bengal.

PRABHAT KUMAR MISHRA
The 1993-batch IAS officer of the West Bengal cadre has joined as Director in the Department of Economic Affairs.

BV GOPALA REDDY
The 1994-batch IAS officer of the Maharashtra cadre is now Private Secretary to Mukul Wasnik.

RK SRIVASTAVA
The 1984-batch IAS officer of the UT cadre has joined the Municipal Corporation of Delhi as Additional Commissioner.

NILAYA MITESH
The 1991-batch IAS officer of the Karnataka cadre has joined as a Director in the Department of Economic Affairs.

SK PATNAYAK
The 1987-batch IAS officer of the Karnataka cadre has become External Affairs Minister SM Krishna's OSD.

ALOK KUMAR
The IRS officer of the IT cadre has been appointed Chief Vigilance Officer in the Sports Authority of India.

RAHUL KHULLAR
The 1975-batch IAS officer of the UT cadre has become Commerce Secretary.

SUDHIR KUMAR JAIN
The 1982-batch IAS officer of the Bihar cadre has joined as Joint Secretary, Power.

RK MEDHEKAR
The 1975-batch IPS officer of the Kerala cadre has been appointed Special DG, BSF in Kolkata.

GK PILLAI
The 1972-batch IAS officer of the Kerala cadre takes over as the new Home Secretary from June 30.

BB SRIVASTAVA
The 1978-batch IAS officer of the Bihar cadre has joined the Central Information Commission as Secretary.

MA SIDDIQUI
The1995-batch IAS officer of the Tamil Nadu cadre has joined as Director, Expenditure in the Government of India.

RANJAN PRAKASH THAKUR
The IRTS officer is now Private Secretary to Information & Broadcasting Minister Ambika Soni.

MANOJ AGGARWAL
The 1990-batch IAS officer of the Gujarat cadre has become Private Secretary to Minister for Tourism, Poverty Alleviation & Housing Selja.

Moving On: ias and ips officers retiring in July 2009

ANDHRA PRADESH
K Mangapathi Rao (1988)
BIHAR
BN Upadhyaya (1993)
VP Singh (1995)
GUJARAT
R Doraiswami (1974)
Prakash S Shah (1988)
HARYANA
Umesh Nanda (1974)
JHARKHAND
S Sharma (1993)
Shyam S Prasad (1994)
JAMMU & KASHMIR
Babu Lal Nimesh (1977)
KARNATAKA
L Shanthakumari (1974)
MADHYA PRADESH
VK Choudhary (1972)
PUNJAB
Surjit Singh (1996)
MAHARASHTRA
YS Bhave (1972)
UTTAR PRADESH
Vinod Malhotra (1971)
Kuldip Saini (1972)
Rakesh K Mittal (1975)
WEST BENGAL
Mira Pande (1974)
Swapan Kumar

ips

ANDHRA PRADESH
ML Kumawat (1972)
ASSAM-MEGHALAYA
GM Srivastava (1972)
BIHAR
DN Gautam (1974)
JAMMU & KASHMIR
RV Raju (1975)
KARNATAKA
C Chandrashekar (1983)
MAHARASHTRA
SS Virk (1970)
NAGALAND
J Bendangtoshi Ao (1979)
RAJASTHAN
PD Sharma (1986)
UTTAR PRADESH
Brahaspati Mani (1989)

gs sood

The worst is over, but think long-term

THE way markets have moved up sharply, almost doubling in just three months, has not only baffled analysts but also left investors worried. It is quite strange that investors panic not only when the markets are falling sharply but also when they are rising sharply since they did not get the chance to make an exit and enter at the opportune time. Going by the queries I receive, investors are desperately trying to catch up with the markets and this might prove really dangerous.

India has performed better than most other markets simply due to the combination of liquidity and the premise that it is likely to grow faster than most other countries. The government and the central bank are likely to continue pumping in liquidity, which in the event of not being used for turning out goods and services is likely to push up asset prices further. The rise in liquidity has been reinforced by the return of risk appetite due to initial economic data that has been encouraging and the re-election of the Congress-led government. India is therefore quite well placed to achieve a domestic demand-led growth rate of 6 per cent or so.

The absence of inflationary pressures gives further leverage to the government to keep interest rates low. The present favourable market conditions and increased capital inflows can take care of near-term financing needs. The government has a unique opportunity to address structural issues, at least in the initial period of its five-year term by taking bold and credible policy action. In all, it appears that the worst is over for the markets and we can soon be on the way to a speedy recovery and high growth. But a sharp rise in stock prices, to as high as around 20 times the past earnings, has raised doubts about the sustainability of valuations. Mid and small cap stocks have run up way ahead of the bench mark index with many of them going up three to four times from their lows and include very high-risk and highly leveraged companies.

To justify these kinds of valuations, the economy needs to grow at double digit and corporate profitability has to grow at a much faster pace. Some of us may argue that the run-up in the stock prices has come on the back of beaten down valuations and extreme pessimism. But, since the fall was so sharp and sudden, the initial rally had to be equally sharp and sudden. However, a look at the current scenario may make us tone down our expectations.

The Budget is also not likely to cheer the markets in a big way. In keeping with the social sector priorities of the government, the Budget will have to raise additional resources by increasing taxes

The fiscal deficit for the first month of the current financial year has shot up to Rs 54,100 crore which is 16.3 per cent of the projected deficit for the entire year. Government spending in April 2009 almost doubled from the same period last year and tax receipts fell by 32 per cent on year-on-year basis. Large government borrowings can cause interest rates to go up sharply. With commodity prices also moving up, the margins for corporate India may come under severe pressure despite pick-up in demand.

Besides uncertainties regarding the pace and magnitude of global economic recovery that may directly impact our exports, investors are also worried due to the bleak outlook of the monsoon. This may push up food prices and prompt more government spending to support farmers and implement social security programmes. On the other hand, rising oil prices may further worsen the fiscal deficit and directly impact some sectors more severely due to rising costs and rising interest rates.

The Budget is also not likely to cheer the markets in a big way. In keeping with the social sector priorities of the government, the Budget will have to raise additional resources by obviously increasing taxes. Moreover, excessive supply of equity in the short to medium term could prove a further dampener. The current political turmoil in the immediate neighbourhood is another cause of worry.

Also, at the present valuations, international investors may not be keen to increase their allocation for India. This may be due to the lower investible funds available in general and the lower likelihood of spectacular growth in profits for corporate India. Any further unfavourable development in global markets may cause a sudden setback to the flows. This gets amply reflected by the recent behaviour of FIIs who have not only been sellers but have taken increasingly short positions at the time of writing.

In view of this, small investors are advised to be extra cautious at least in the short term but may use any sharp correction to enter and increase their exposure. A time horizon of less than three to five years is most likely to betray your expectations of earning decent returns from the equities. g

Clash of the mandarins

RAISINA Hill may not be as high as Everest but getting to the top of this bureaucratic mountain involves an effort that leaves the climber breathless. The latest struggle it saw was between two IFS officers aspiring to the post of

ILLUSTRATIONS: ARUNA

Foreign Secretary that was being vacated by the retiring Shiv Shankar Menon.

The contestants were Beijing Ambassador Nirupama Rao, and Secretary, Europe, Nalin Surie. Prime Minister Manmohan Singh was faced with a tough choice. Nirupama would be the second woman to occupy this post, something that would go down well with women's groups who are often critical of the Indian bureaucracy's glass ceiling. Besides, she is a multi-lingual 1973-batch IFS topper who also served as MEA spokesperson.

But Surie, Nirupama's batchmate, was a formidable contender who too has served as Ambassador to Beijing. Besides, he is well connected with South Block's Punjabi lobby that was batting for him.

Nirupama made informal visits to people in high places. The fact that her IAS husband, Sudhakar Rao, is Chief Secretary of Karnataka did not go unnoticed. Foreign Minister SM Krishna, earlier Karnataka CM, was naturally disposed towards an officer from his home state. And so Nirupama it was.

Can't do it here? Try Sri Lanka!

ONE of the major tenets of civil service reform is restructuring of the politico-administrative machinery to preclude the brazen, often ruthless and arbitrary punitive transfers of IAS and IPS officials who refuse to dance to the whims of their political masters. Prestigious panels and individuals who have

made recommendations include VT Krishnamachari (1960), K Santhanam (1964), the National Police Commission (1979-81), the LK Jha Administrative Reforms Commission (1983), the Sarkaria Commission (1988), the Constitutional Review Commission (2003), and former Chief Justice Venkatachalliah (2003).

As Sri Lanka gets ready to reconstruct its administration in the areas freed from the LTTE, and devolve more autonomy to the Tamils, its officials are seeking India's advice on powers for CMs in the new provincial areas.

The Indian government's advice has been not to commit some of India's mistakes. It has advised Sri Lanka to ensure that, while maximum provincial autonomy can be given, it would not be wise to give the Chief Ministers the power to transfer and fire police officials.

Glasnost in HRD

THERE is no more quaking and quacking in the HRD Ministry when bureaucrats go to meet the boss. The atmosphere of fear of the Arjun Singh days has been banished by his Gen-Next successor, Kapil Sibal. One section of bureaucrats is advising Sibal that Class X and XII board exams should be scrapped, the University Grants Commission abandoned, and the All-India Council of Technical Education (AICTE) restructured. UGC mandarins learnt of it and issued an advertisement about ragging and punishment. Knowledge Commission's Sam Pitroda, mentor and guide of Rahul Gandhi, is suggesting new dimensions of education to Sibal.

As technocrat and bureaucrat teams make a road map for education, insiders fear that nothing will happen as most private education institutions are owned by southern and western India politicians.

And Baru got none...

A year ago,as elections neared, veteran journalist Sanjay Baru, who was media adviser to Prime Minister Manmohan Singh, quit the PMO and became visiting professor at Lee Kuan Yew School of Public Policy, Singapore. Deepak Sandhu, an Indian Information Service officer, took his place.

But after Manmohan Singh's return to office, Baru landed up in South Block.

But the PMO was in a no-nonsense mood. Sandhu was not performing according to expectations. Harish Khare, another veteran journalist and former bureau chief of The Hindu, was inducted as media adviser. Sandhu was given an appointment in the Information Commission. And Baru went back to Singapore. g

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Day 03 : Darjeeling Early Morning Excursion to Tiger Hill, Ghoom Monastery & Batasia Loop. After breakfast at hotel, transfer to Gangtok & Same day half day city tour of Gangtok Directorate of Handicrafts and Handlooms, Enchey Monastery, Research Institute of Tibetology, Chorten (Stupa), Orchid Sanctuary, Rumtek Monastery, o/n at Gangtok.

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